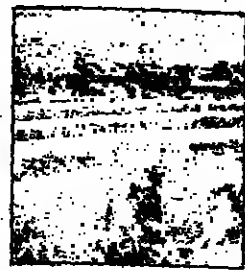




**Out of Africa:
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THE INDEPENDENT

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MONDAY 2 SEPTEMBER 1996

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17 years of Tory taxing, borrowing, selling-off and spending cost Britain £3,204bn

We can't go on like this

DIANE COYLE
Economics Editor

The Government is literally bankrupt - with net wealth declining from nearly £20bn in 1979 to minus £153bn at the end of last year, according to official figures.

High levels of borrowing for most of the past 17 years mean the Government's debts have grown far faster than its assets.

An assessment of the state of government finances going back to 1979, in the newly released official publication *Public Finance Trends*, makes clear that trends in spending and taxation are unsustainable. Whichever party wins the general election is likely to have to either raise taxes or cut spending - just as the Conservatives did after the 1992 election.

The figures also reveal that the scale of government spending as a share of national income is almost exactly the same as it was when Margaret Thatcher first came to power in 1979 because increases in social spending have matched real decreases in other areas of expenditure. Despite their rhetoric, there has been no rolling back of the state under the Conservatives.

Since 1979, the Government has spent a total of more than £3,204bn, financed by the windfalls of privatisation revenues, North Sea taxes, other taxation and high levels of borrowing. Interest payments on government debt, which has nearly quadrupled since 1979, now make up the fourth biggest category of expenditure after social security, education and health.

The national debt has doubled during John Major's premiership alone, and now stands at £385.5bn.

The two nearly exhausted windfalls of North Sea tax revenues and privatisation have provided the Conservatives with more than £77bn and £64bn respectively. Receipts from other taxes have amounted to



Economics of decline: How Britain's finances have fared under the Conservatives, falling from £20bn in 1979 to a £153bn deficit in 1995

Photomontage: Kevin Bayliss

more than £2,800bn, but have grown more slowly than the economy because of tax cuts prior to 1993.

The gap has been plugged by borrowings of nearly £223bn during the 17 years since 1979. Social security accounts for the lion's share of public ex-

penditure - £77.2bn out of the grand total of £303.9bn last financial year, and £770bn out of the 17-year total of £3,204bn. Although unemployment benefits, along with supplementary benefit and income support, have grown dramatically, other entitlements such as retirement

and widows' pensions and invalidity benefit swallow the bulk of the social security budget.

Despite the inducement to opt out of the earnings-related state pension scheme in favour of a personal pension, taken up by millions of people, the state pension bill has increased from

£8.6bn in 1979 to £40.9bn last year. The bill for unemployment-related benefits has climbed from just under £3bn to £17.7bn.

In a tacit acknowledgement of the severity of their "fiscal incontinence", Conservatives such as Chris Patten, the Governor

of Hong Kong, and William Waldegrave, Chief Secretary to the Treasury, have talked about the need to scale back the welfare state. One senior Tory said:

"There has been a broad change in philosophy among centrist politicians about the need to get the size of government

back to early Sixties levels." The shadow Chancellor, Gordon Brown, reacting to the figures, said yesterday: "The Tories cannot claim to be the party of economic prudence. These figures prove that they cannot manage the economy ... They tell lies about Labour

and tax because they do not want anyone to know the truth about their own policies."

Bill Martin, chief economist at the City investment bank UBS and an adviser to the House of Commons Treasury Select Committee, said: "The Conservatives have cut taxes too much and they have let the social security budget get out of control. Even without pre-election tax cuts, there is an intractable problem."

Yet the figures also make uncomfortable reading for Labour politicians. In a recent study of the economic outlook for a Labour government, Mr Martin predicted that the Conservatives' failure to control the underlying growth in public spending, and their over-generous tax cuts, could leave Labour with an inheritance of budget deficits in excess of 5 per cent of national income by the end of the century.

To cut this gap to a more sustainable 2.5 per cent would require a rise of 7p in the basic rate of income tax.

David Walton at Goldman Sachs, a City expert who is drawing up the highly respected annual "green budget" with the Institute for Fiscal Studies, was equally gloomy.

"Demand for front-line public services grows at least as fast as the economy," he said. "You have to question whether recent cuts in public spending, achieved by cutting investment and civil service running costs, can be sustained."

Paradoxically, the public sector borrowing requirement could turn out to be better than many economists expect in the run-up to the election. The monthly figures are highly sensitive to the state of the economy, so the consumer recovery engineered by the Chancellor, Kenneth Clarke, will help a cyclical fall in the public sector borrowing requirement to disguise the long-term problem.

Leading article, page 13

QUICKLY

Police pledge broken

The number of police officers has dropped in the past year, despite Government pledges to get more bobbies on the beat, an independent survey has revealed. Chief constables are concerned about meeting costs, at a time when the public is demanding ever more policing. Page 4

Iraq stakes raised

Western policy towards northern Iraq lay in ruins last night as Saddam's army dug in outside the Iraqi Kurdish capital of Arbil and his regime's new Kurdish allies established themselves inside the city of 1 million people. Page 8

Wright defiant

Leading Protestant militant Billy Wright defied the loyalist paramilitary death threat against him by appearing at a loyalist function to declare he had no intention of leaving Northern Ireland. Page 2

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Blair offers an olive branch to Short



JOHN RENTOU
Political Correspondent

Tony Blair moved yesterday to disarm the worries of some in his party about his "dictatorial" style, by guaranteeing a Cabinet seat for Clare Short should he become prime minister.

Asked on the BBC's *Breakfast with Frost* if the outspoken left-winger, demoted last month, would definitely be in his first Cabinet, he replied: "She is entitled as a member of the Shadow Cabinet to be so and I would be delighted to have her there."

A spokesman for the Labour leader later sought to play down the pledge, describing the vexed issue of the rule requiring an incoming Labour prime minister

to appoint all the elected members of the Shadow Cabinet to the real Cabinet as "a bridge to cross at the time."

Mr Blair again dismissed the call for higher taxes on the better-off - one of the crimes for which Ms Short was punished. "I don't believe that's the way we need to go now," he said. "I don't believe we're in a situation where you're going to say to people, 'Some people are doing very successfully, so we'll soak the rich to give a few more pounds in benefit to the badly off.'"

The unemployed needed jobs, not a little extra benefit, he said. The Labour leadership faces a dilemma over its response to likely Conservative tax cuts in

the Budget in three months, with some speculation that Kenneth Clarke, the Chancellor, will slash the standard rate of income tax from 24p to 20p, offsetting the £7.6bn cost with less visible tax rises elsewhere.

"When the Government publishes its Budget in November, we will respond, and we will say whether any income level in our view requires higher taxes," said Mr Blair. "We will be entirely open with people."

In a series of interviews yesterday Mr Blair and his deputy John Prescott sent mixed signals about the class identity and ideology of New Labour. Mr Prescott pointedly refused to describe himself as a "social democrat", a label happily

accepted by Mr Blair as "interchangeable" with "democratic socialism".

The Labour leader seemed uncomfortable with the characterisation of him by the Labour backbencher Austin Mitchell as "upper class". "I think a lot of rubbish is talked about class," he said.

He was keen to present Labour as a party of the middle class, while not forgetting the "so-called" working classes. "A lot more people are middle class nowadays," Mr Blair told the *Sunday Times*. "Our task is to allow more people to become middle class. The Labour Party is the party of aspiration."

Union fears, page 2
Letters, page 13

Lottery millionaires find there's no place like work

IAN FLETCHER and
STEVE BOGGAN

More than half the new millionaires created by the national lottery have carried on working, shattering the illusions of dreamers everywhere who would like nothing better than to tell their boss to get lost.

A survey conducted by Camelot, the lottery organisers, shows that winners prefer to keep their jobs and workmates than to turn their back on it.

As seven more punters became millionaires last Saturday, the survey showed that 51 per cent of jackpot winners were still working despite enjoying hefty bank balances. Twenty-two per cent were in the same job, 22 per cent had changed jobs and 7 per cent were in new businesses.

Of these who matched five numbers plus the bonus, the next

best ticket to the jackpot, most also continued to work, with 23 per cent in the same post, 26 per cent changing jobs and 3 per cent starting new businesses.

After winning £5.5m in August last year, Mark Lund of Doncaster returned to work and invested in the company which employed him as a labourer.

Bob Westland, of Alloa, central Scotland, who ran his local village post office, now owns a hotel after winning £3.8m in July 1995. And Shaun Renaud, of Bracknell, Berkshire, now owns a bar and restaurant after winning £2.7m last year. The syndicate of 19 tax officers in Motherwell, Strathclyde, who landed £4.2m last April all went back to their desks and 10 laboratory technicians in Edinburgh returned work after winning £440,281 last November.

Hunter Davies, whose book on lottery winners, *Living on the Lottery*, is published next month, pointed out that many of the winners would have been unemployed in the first place. "Before [the others] won the lottery, when they were fantasising about it, they say 'You won't see my feet for dust, I'll be in Barbados'. But the first reaction of almost all winners is that they don't want to change their life," he said. One man he spoke to had stopped, however - "because he felt mean keeping someone else out of work".

Mr Davies added that they did not work out of misery. "It's a consolatory myth that people who win are unhappy. The vast majority are much happier after winning, even a year later, than they were before," he said.

Last Saturday's winning lottery numbers were 27, 3, 5, 47, 14 and 44; the bonus was 43.

Damon Hill pushed out by Williams

Damon Hill, who is poised to win the Formula One drivers' world championship, has been dropped by his Williams-Renault team for next season.

It was revealed yesterday that Frank Williams, the team's leader, had ended negotiations over a new contract with Hill last week. The British driver had been seeking an improvement to his present 12-month deal, believed to be worth \$7.5m (£5m), and was understood to be requesting \$12m.

It had been rumoured that Williams was not prepared to go beyond \$8m, but it became clear yesterday that money had not been the key issue. Hill's representative, Michael Breen, said that the driver had been prepared to continue negotiating, but Williams had decided to end the talks.

It is believed Williams may

have been planning for some time to replace Hill. According to sources inside Formula One, Williams agreed a deal last year with the German driver Heinz-Harald Frentzen to drive for his team next year.

If Hill wins the championship - he leads by 13 points, with three races remaining - he will be the fourth Williams driver to leave the team with the world title in the past nine years, following Nelson Piquet, Nigel Mansell and Alain Prost.

In Moldova, England's footballers started Glenn Hoddle's term as national team manager and their own 1998 World Cup qualifying campaign with an unspectacular 3-0 win. After a shaky start, goals from Nick Barmby, Paul Gascoigne and the new captain, Alan Shearer, saw England home.

Sports Section, page 24

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Drug dealers' release sparks row

PATRICIA WYNN DAVIES
Legal Affairs Editor

Michael Howard, the Home Secretary, came under heavy fire yesterday for authorising the release of two convicted drug dealers who had served barely 12 months of their 18-year jail sentences.

The surprise appearance of John Haase, 46, and Paul Bennett, 32, on the streets of Liverpool last week has angered members of the law enforcement agencies after their jailing in 1995 for their part in a £15m

"Turkish connection" heroin smuggling ring. The pair, who pleaded guilty, were among eight defendants sentenced by Judge David Lynch in 1995. But the judge later wrote to the Home Secretary requesting a reduction to five years.

The Home Office said that the men had provided information to Customs during the investigation which was seen as a major breakthrough in the war against drugs. It was not clear yesterday, however, whether the information related wholly to the specific facts of their case.

Mr Howard defended his actions despite his proposals to get tough on drug crime. Interviewed on BBC Radio 4's *The World This Weekend*, he said the judge had told him that were it not for the special circumstances that existed in this case - in terms of the lives of the men and safeguarding future operations - he would have passed a sentence of five years instead of 18.

"Under the existing law I was specifically requested by the judge to put right what he had not been able to do... Is it seriously suggested that I should

have ignored that request from the judge?" he demanded.

The affair none the less resurrects the spectre of the discredited "supergrass tariff" under which criminals used to be given lighter sentences in return for turning Queen's evidence, and the subsequent practice of dropping charges in return for information. The difference appears to have been that these two men were never identified as informants, hence the heavy initial sentence.

The two men were released after just over a year because of the

impact of parole and the two years they had spent on remand. Mr Howard challenged one of his critics, John Prescott, Labour's deputy leader, to say whether he would have ignored advice from the trial judge that the proper sentence was five years.

However, the deal is open to the criticism that it was done behind closed doors, against a background of the sale of huge quantities of heroin and fear of gangland violence. Haase has a conviction for armed robbery and concern over security at the committal proceedings at Liverpool magistrates' court was such that armed officers in bullet-proof vests were on guard.

George Howarth, a Merseyside MP and a Labour home affairs spokesman, said: "Given the recent history on Merseyside of armed violence, which is closely associated with drug barons, I find the decision surprising... Understandably, local people are dismayed. I will be writing to Mr Howard seeking an explanation and an assurance that he has taken steps to safeguard the public from these potentially dangerous criminals."

SIGNIFICANT SHORTS

Police investigating the disappearance of brother and sister Tom and Jodi Loughlin were last night understood to be examining the body of a young boy found on a beach. Tom, four, and Jodi, six, vanished from a beach at Holme near Hunstanton, Norfolk two weeks ago, a day after starting their holiday.

Jodi's body was found washed up on a beach between Sheringham and Weybourne - about 30 miles from Holme - on Friday. It is understood that a boy's body was discovered yesterday on a beach in Sheringham. A spokesman for Norfolk police said he could make no official comment. Earlier in the day, a bone, found on the beach, had been discounted from the inquiry after a pathologist's examination showed it was not human. *Jojo Moyes*

Six young music fans died in a head-on collision near the Somerset town of Frome yesterday. The four men and two women - aged 18 to 25 - were returning from the One World music festival, near Nunney Catch services on the A361, about five miles from the market town.

Police believe that their blue and silver Ford Fiesta crossed the carriageway to collide head-on with a white Transit van travelling in the opposite direction on the A361. The Fiesta spun round in the roadway to mount a grass verge, striking two men who were walking there. One of the walkers was seriously injured, receiving chest, leg, head and abdominal injuries. He was airlifted to the Frenchay Hospital, Bristol, where he was in critical condition last night.

Town centres are failing to cater for Sunday shoppers, who are increasingly travelling to out-of-town superstores, according to a survey published today. High streets which do not offer department stores and big-name favourites on Sundays risk losing customers altogether, it said.

Stocking up on groceries is the most popular pursuit for Sunday shoppers, with visits to DIY and garden centres in second and third places. But fewer than 10 per cent of Sunday shoppers visit town centres on the Sabbath, the survey for property consultants Healey and Baker showed.

One in four women smoke throughout pregnancy, despite the increased risk of miscarriage or still-birth, a new study reveals. A third miss out on crucial preparation by not planning their baby, according to the survey of 400 pregnant women.

The study, launched at the start of National Pregnancy Week, reveals widespread ignorance about pregnancy and the risks to the unborn child. More than one in five women are unaware that is safe and beneficial to continue normal exercise during pregnancy, and one in three do not know about taking folic acid before conception and in the early stages of pregnancy to reduce the risk of the baby developing Spina Bifida.

Police continued to question two men arrested in connection with the murder of schoolgirl prostitute Lucy Burchell. The men were yesterday being interviewed at separate police stations in Birmingham, after raids on two addresses in the city on Saturday. Police refused to comment on whether the arrested men were involved, either as pimps or clients, in the seamy underworld in which Lucy had become embroiled.

The 16-year-old's badly decomposed body was discovered in undergrowth near the Tower Ballroom on Reservoir Road, Edgbaston, Birmingham, by two sea cadets on 20 August. Lucy, who lived with her parents in Great Witley, Staffordshire, died only days before she would have collected her GCSE results. She had passed all eight.

Work has begun on the prototype for a £210m "green guardian" in space. Anglo-French space specialists Matra Marconi are the prime contractors for the ASAR sensor which will be the largest fixture on Europe's biggest spacecraft, Envisat 1. Construction has started at their Portsmouth plant on the Advanced Synthetic Aperture Radar for the European Space Agency.

The design will enable almost the entire globe to be scanned in a day, providing radar information at global, national or regional level. Tasks will vary from measuring the height of ocean waves to charting the polar caps or sea ice. It can also plot large-scale desert erosion or crop rotation in individual fields. It can be targeted to provide information on the effects of natural or man-made disasters such as tornadoes or erupting volcanoes, floods or oil-slicks.

The start of the new school year is an expensive time for parents, with the cost of kitting children out with uniforms, games kit, stationery and text books a massive £630.

A survey of nearly 700 parents for *Family Circle* magazine found that more than half struggled financially in the back-to-school period. But parents were still keen to stick to tradition, even though a school uniform cost the average household more than £300.

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King Rat defies death threat

DAVID MCKITTRICK
Ireland Correspondent

The leading Protestant militant Billy Wright defied the loyalist paramilitary death threat against him at the weekend by appearing at a loyalist function to declare that he had no intention of leaving Northern Ireland.

His stance has upped the stakes in the test of willpower between him and his former associates in the Ulster Volunteer Force, who last week ordered him to leave by midnight on Saturday or face "summary justice".

Mr Wright, a former UVF prisoner who is known as "King Rat", appeared dressed in a shirt emblazoned with the words "Mid-Ulster UVF - for God and Ulster - simply the best". He is claiming there is widespread support for him in his dispute with the leadership of the UVF and the other loyalist paramilitary organisations.

Mr Wright was cheered by more than 200 people who had gathered at a club in his home town of Portadown, Co Armagh, for a function to raise funds for the family of a UVF prisoner. He declared: "I believe that the huge crowd vindicates my belief that what I am saying is correct and my assessment of the situation is correct." He pledged to "defend the loyalist cause as long as I live".

The UVF Unionist leader David Trimble at the weekend recommended mediation in the



Staying on: Billy Wright, whose 'expulsion order' expired yesterday, at a Protestant march in Portadown

Photograph: Crispin Rodwell

affair, which has come to threaten the loyalist ceasefire and could affect the inter-party talks due to re-start in Belfast next Monday.

Appealing against any use of violence, Mr Trimble said: "The loyalist paramilitary groups have, by sustaining their ceasefire, gained the high ground and the political parties associated with them have been enabled to make a valuable contribution to

the political process. These achievements should not be put at risk."

Members of Mr Trimble's party and of the Rev Ian Paisley's Democratic Unionist party have questioned whether the smaller loyalist parties which have associations with the UVF and other groups should be allowed back to the conference table while death threats are being made.

Concern has also been voiced by the Irish government, with the Taoiseach, John Bruton, calling for the lifting of the death threat. He said: "Politics is a democratic business, where one must be willing to allow others to express their views in an open and free way."

There are also worries that the Wright affair could spark off a feud between the Mid-Ulster UVF and other loyalists.

The extent of the support for Mr Wright is unclear, though many loyalist activists are evidently uneasy about the idea of ending or killing someone whom they regard as a stalwart of Protestant paramilitarism.

Billy Hutchinson, one of the leaders of the UVF-inspired Progressive Unionist party, revealed at the weekend that police recently warned him that

his life was in danger from the Mid-Ulster UVF.

Mr Wright's supporters are planning a rally in support of him in Portadown on Wednesday night.

Royal Black Preceptory demonstrations in a number of areas of Northern Ireland passed off peacefully at the weekend, although nationalists held protests in a number of towns.

Unions fear Blair climbdown on rights

JOHN RENTOUL
Political Correspondent

Trade union leaders are becoming increasingly concerned that Tony Blair is willing to shift policy in favour of employers, as Labour prepares to reveal backing from leading business figures.

Union sources have told *The Independent* that they fear the Labour leader may be planning to water down his commitment to the European Social Charter in a speech to business people on Wednesday.

Their suspicions have been fuelled by Labour's energetic courting of business leaders. Following yesterday's publication of names of donors giving more than £5,000 in 1995, endorsements from business people and some 1996 donors will be announced in the next few weeks.

Mr Blair also offended trade unionists yesterday by telling postal workers - on strike today - that they had a "pretty good deal" on the table, and reiterating the need for their union to have the consent of its members in prolonging the dispute.

But a *Sunday Times* survey of 50 chief executives of top 250 FTSE companies suggests Mr Blair does not face massive hostility to his policies. Twenty-two said they thought the Social Charter would not cost jobs, and 24 backed the minimum wage.

In the North-west last week Mr Blair picked up the unreported endorsement of John Moores, the Littlewoods director and son of the company's founder, Sir John Moores. Speaking at a Labour fund-raising dinner in Manchester, the

Eton-educated Mr Moores backed a minimum wage and the European Social Charter. "I look forward to a Labour government," he said.

A British Institute of Management survey of managers published today suggests Labour support among them has doubled from 12 per cent in 1992 to 25 per cent now. The Tories have 43 per cent and the Liberal Democrats 15 per cent.

A source close to the leader of one big union said of Labour's drive to woo business: "It's the tone and the joy with which it's

done which rankles, and the naivety of thinking that you can do it without any political pay-backs which is worrying."

Unions point out that about three-quarters of Labour's funding still comes from them, if the general election fighting fund is included.

But Labour's biggest-ever donation, made public over the weekend, was the £1m from Political Animal Lobby, an organisation campaigning for a ban on hunting.

Labour's list of 17 donors who gave more than £5,000

last year included several unions and only four companies: £30,000 from GLC Ltd, a fund management company run by Lawrence Staden, a 35-year-old City trader who earns £1m a year; £25,000 from Pearson, publishers of the *Financial Times*; £20,000 from TU Fund Management, the trade union trust company; and £7,500 from Tate and Lyle.

Fabian Hamilton, 40, was chosen as Labour candidate for Leeds NE last night, in place of Liz Davies, the left-winger sacked by Mr Blair last summer.

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Computer finds right ingredient

GLENDIA COOPER

Machines are taking over from mankind's taste buds. Artificial intelligence will soon be used to detect how extra-virgin olive oil really is or whether raspberry jam has been made with strawberries.

Complicated software programmes known as Artificial Neural Networks (ANNs) will be increasingly used by the turn of the century to identify adulterated food and rogue ingredients, according to the Institute of Food Research which is holding its Food Authenticity '96 conference at Norwich this week.

Reg Wilson, head of the food composition and authenticity group at the institute, said there had been an "explosion" in the use of artificial intelligence in the last couple of years.

An ANN is a piece of software which learns from past experiences. It is so called because it emulates, in a limited way, the workings of the brain. In the brain, individual cells called neurons interact, sending and receiving messages to and from thousands of other neurons.

By feeding in large amounts of data ANNs can be trained to identify chemical patterns in the

same way that the brain can be trained to recognise the complex shapes of people we know.

ANNs have been used in the US to hunt for tax-evaders and in Singapore to investigate stock market fraud but now they are being used to make sure that the food you buy is free of adulterated ingredients. This may help prevent such scandals as the discovery of benzene in Perrier in 1990 and antifreeze in Austrian wine in 1985.

To take the example of raspberry puree, used to make jam, profiles of hundreds of chemical specimens are fed into the ANN and it can be trained to recognise the chemical "fingerprint" of a raspberry.

Currently samples of food arriving at factories have to be sent for time-consuming tests which can take a week and which cost around £500. The ANN test, however, could be conducted at the factory in just 15 minutes. After an outlay of £100,000 to create the programme costs around £30 per test. The IFR hopes that this package will soon be commercialised.

Other foods that are likely to benefit are coffee, cheese, where cheaper cows' milk is added to goats' or sheep's milk, and olive oil.

Student culture sets races apart

Britain's brightest black and Asian students are choosing to avoid traditional universities because of their hard-drinking, rugby-club image, a report reveals today.

Many feel that they operate a white "old boys' network" which also extends to the search for jobs after graduating, according to the research by the Institute for Employment Studies. This leads to students from ethnic minority groups being more likely to get lower-grade degrees and lower-paid jobs than white graduates.

The students felt that even those with the best degrees ended up taking jobs which were below them - often for companies that wanted a "black face" to boost their image.

The research showed that ethnic minority students were more likely to go to "new" universities, despite the fact that many had the same or better A-level grades than whites who went to "old" universities.

The IES studied questionnaires from 1,177 graduates from two old and two new universities, then followed up by analysing 272 individuals.

Ethnic minorities make up 12 per cent of Britain's students - even though they represent a lit-

tle over 6 per cent of the population. But they make up 30 per cent of some former polytechnics which have been converted into universities.

Institute research fellow Ivana La Vall said: "There is a class and cultural difference at old universities which affects minorities. Many have told us they felt under pressure to 'act white' as they put it. Asian girls who wore traditional dresses felt uneasy. They also felt it was hard to explain that they did not want to go to the pub all night and that their culture meant they did not drink and went home early."

"Even black students at old universities did not like the rugby-club culture and felt isolated. It can be a class issue for many from, say, inner cities. "Some told us they felt the old universities operated an old white-boys network. Many felt the same discrimination when looking for work."

Forty per cent of ethnic minority students had to make 15 or more applications before getting a job, compared to around 25 per cent of whites. The average Asian or black graduate took 4.6 months to find their first permanent job compared to 3.9 months for whites.

Creatures fight for survival in rivers and meadows as animal world faces the alien nation

Chinese mitten crab is the latest invader to cause concern over its effect on indigenous species

STEPHEN GOODWIN

An invasion of aliens is under way, threatening our native species with death and disease. Rogue animals from all corners of the world have colonised Britain, multiplying with ease despite often hostile environments at odds with their homelands.

The latest invader is the Chinese mitten crab and the number and size of specimens taken from the river in London over the past two months indicate an exploding population.

Specialists at the Natural History Museum in South Kensington, London, who are trying to assess the crab's dramatic emergence believe it could pose a serious threat to the native crayfish. Some crabs studied at the museum could straddle a 9in dinner plate.

Named after the "furry" mit-

this category. But others, such as the red-eared terrapins which appeared in strength in ponds as the Ninja Turtle craze faded, were freed "accidentally on purpose".

Little bigger than a watch-face in their aquariums, the liberated terrapins grew and grew, devouring the native newts and even small water fowl. Such is the risk that makes English Nature, the Government's adviser, extremely wary about the introduction of non-native species.

"It's unnatural," Martin Tither, a spokesman for English Nature, said. "We don't know in advance what the effect on native animals and plants will be. And by the time we do, it can be extremely difficult to restore the balance."

English Nature is one of several bodies trying to safeguard the red squirrel from its more powerful foreign cousin, the grey, which has swept it from most of lowland Britain. The agency is also taking part in trials on culling the ruddy duck, introduced from America to wildfowl reserves in the Fifties. To a kind of feathered sex tourism, the British-based male ruddy ducks are upsetting Spanish conservationists by flying to Iberia and breeding with the threatened white-tailed duck.

Culls have taken place in London parks of the Canada goose, introduced to grace ornamental lakes but now a messy nuisance and aggressive competitor for the grazing of native geese. Canada geese are prodigious defecators, making lakesides smelly and hazardous, and in groups they can frighten small children.

Mitten crabs have been found infrequently in oods and two in the Thames since 1934. But quite suddenly the river seems infested. Funded by the Environment Agency, the Natural History Museum and Queen Mary and Westfield College, London, have begun a three-month study to assess the extent of the invasion.

In less than a day, researchers caught 200 small crabs at Chelsea. On a second visit their



Invaders: Introduced to Britain by accident or deliberately, some foreign species have managed to establish colonies in environments very different from their native niches. Clockwise from top left, the Chinese mitten crab, red-eared terrapin, grey squirrel, edible, or "fat", dormouse and coypu

'People are spreading them on purpose. It's environmental vandalism'

tens which cover most of its sizeable pinners, the Chinese crab is the latest in a Noah's ark of creatures that have established themselves in Britain since Roman times.

Some, such as the rabbit, are not thought of as alien at all, although it was introduced by the Normans. But the gaudy parakeets which flash green between the tree tops in west Kent look distinctly foreign.

The newcomers are introduced either by accident, as in the case of the mitten crab which is thought to have been discharged into the Thames estuary from a ship's ballast tanks, or on purpose, mainly for food and sport - the rabbit, pheasant, French partridge and carp came by this route.

Escapes are a large and growing group. Some have got in the wild by genuine accident, and probably the parakeets are

haul was down to 20, but consisted of larger specimens, and then, last Thursday 40 to 60 were collected. Again they were larger.

Paul Clark, of the museum, believes that the researchers have seen migrations - the larger crabs going downstream to

mate and hatch their larvae in salt water and the smaller oods heading upstream to speed most of their life in fresh water.

It is in the upper reaches of the Thames basin that the crab poses a worrying threat to the native crayfish. Mittens have been found as far up as Thames

Dittoo and Teddington; in the River Roding, Essex, and in the Medway, Kent, and its tributary the Darent.

It is not as if the poor crayfish is out under enough pressure. On top of drought, pollution and water abstraction it has also to contend with four

species of larger crayfish introduced to Britain for eating.

"There are definitely some people spreading these crayfish around on purpose. It's environmental vandalism in the extreme," Mr Clark said. "I have seen samples of the Turkish crayfish in Epping Forest. People

try to trap them and sell them to restaurants."

However, not all the aliens are equally unwelcome, and some do not prosper. The Peak District wallabies have been a curiosity since their forebears escaped from a zoo during the Second World War, but the last known

sighting was in March - a single wallaby, sadly emaciated.

The Natural History Museum is appealing for the public's help with the mitten crab study. Anyone who finds a crab should telephone the museum before 15 November on 0171 938 9402 or 0171 938 8984.

'Environmental vandalism' of the imported species

Name: North American signal crayfish (*Pacifastacus leniusculus*)

Origin: Washington State, North America. Introduced in the mid-Seventies for aquaculture purposes.

Distribution: Rivers throughout England and Wales, not yet in Scotland.

Estimated population: Many thousands (accurate figures are not available because of the rapid spread).

Effect: May be spreading "crayfish plague" to English freshwater crayfish (*Austropotamobius pallipes*; pictured right).

Name: Coypu (*Myocastor coypus*)

Origin: Native to southern South America, especially Chile. Imported to East Anglia in 1929.

Distribution: Mainly East Anglia.

Estimated population: A disputed peak of 200,000 around 1960 has been suggested; following an eradication campaign, numbers dwindled dramatically. Last documented sighting 1989.

Effect: Damaging cleared reed swamps and eroded riverbanks with extensive burrowing.

Name: Red-eared terrapin (*Trachemys scripta elegans*)

Origin: Huge numbers of unwanted North American terrapins released into British waterways by their owners, especially in the wake of the 1980s children's movie, *The Ninja Turtles*.

Distribution: Metropolitan areas have experienced large numbers of dumped terrapins, but it is suspected that they are unable to breed in Britain. Some conservation groups are engaged in capturing as many as possible.

Estimated population: Several thousand.

Effect: Damaging to native flora and fauna, they have also depleted certain small waterbound species.

Name: Mink (*Mustela vison*)

Origin: Imported from North America for fur farming. Escapes have established the British continent.

Distribution: Recorded sightings in many parts of Britain, including the Hebrides.

Estimated population: At least 110,000 and growing.

Effect: Prey predators, mink deplete fish, mammals and wildfowl. Native competitors, such as the otter and herring, are losing out.

Name: Edible dormouse - "The fat dormouse" (*Eglis glis*)

Origin: Imported from Hungary to King Park, Hertfordshire, in 1902, by Walter Rothschild (later Lord Rothschild).

Distribution: Spread fairly slowly throughout the Chilterns.

Estimated population: 10,000.

Effect: Damages forestry plantations in the Chilterns, mainly larch, also pine, spruce and beech. Can cause domestic problems such as noise and chewing. Protected under the Wildlife and Countryside Act 1981; licence needed to trap them.

Name: Grey squirrel (*Sciurus carolinensis*)

Origin: Imported from North America in 1874.

Estimated population: Several thousand.

Effect: Highly poisonous.

1828. Earliest documented sighting at Macclesfield, Cheshire, in 1876. Released entry in 1938.

Distribution: Widespread throughout England and Wales, except around the Scottish border and the West, which lacks tree cover.

Estimated population: 2,520,000 and increasing.

Effect: Displaced the red squirrel with disease and competition for resources. A major forest pest which regularly debarks trees.

Name: Muntjac deer (*Cervoides muntjac*)

Origins: Brought to Scotland, and from there to Woburn in England, in the 19th century. Thought to have originated in India.

Distribution: Woodland in England and Wales.

Estimated population: Between 50,000 and 200,000.

Effect: Can cause much damage to young woodland by eating saplings. Has been known to get into gardens and destroy them.

Name: Canada goose (*Branta canadensis*)

Origin: Introduced by Charles II in the 17th century.

Distribution: Lakes and ponds all around the country.

Estimated population: Currently 60,000, but expected to double by the end of the decade.

Effect: Prolific consumers of agricultural and garden crops. Each goose produces about two pounds of excrement per day.

Name: American bullfrog (*Rana catesbeiana*)

Origin: North American swamps.

Distribution: Widespread sales as pets have led to escapee colonies established across Britain.

Estimated population: Several thousand.

Effect: Highly poisonous.

PAUL TYRRELL AND BEN SUMMERS

Block on pub visits for prisoners

Governors are to stop prisoners visiting pubs and womanising while out on licence, the Prison Service said last night.

Weekend reports about prisoners visiting pubs and girlfriends while doing day jobs as part of their sentence brought further embarrassment to the beleaguered service. Stories of the easy lifestyle of prisoners at the Leyhill, near Bristol, and Ford, near Sussex, angered Tory MP Terry Dicks.

He demanded: "Just what is going on? Is there anybody out there running the service? People who are sent to jail should

be locked up, not allowed to visit pubs and girlfriends."

A Prison Service spokesman said: "The open prison system does fulfil an important role in rehabilitating people back into society. But prisoners are not allowed to drink alcohol while out on licence. This and any other abuses of the system will be investigated by the governors of the prisons concerned."

Prisoners found to be abusing the system were likely to lose privileges, he said.

Rules concerning day release have recently been tightened up by the Home Secretary, Michael Howard, after cases of inmates

reoffending while working outside prisons or while out on bail.

Chris Scott, chairman of the Prison Governors' Association, said: "We have toughened up the rules, and before anyone is allowed out on licence they will have been thoroughly assessed. The scheme does help prisoners reintegrate back into society."

The Prison Service last night defended its decision to one prisoner, Rod Henry, out of Leyhill jail three times a week to work on restoring a local church while serving a life sentence for the rape and murder of a 92-year-old widow. The

Sunday Express said yesterday that after clocking on for work, he visits his girlfriend and then goes down to the local pub.

A statement from the Prison Service said: "Rod Henry is undergoing an approved community resettlement programme, which involves work placement of up to three days a week."

There has been no indication of non-compliance with the licence or complaints from centre staff. The governor will be investigating the matter thoroughly and should there be any evidence the licence has been broken, appropriate action will be taken immediately."

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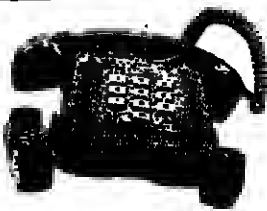
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Photograph: Mark Pepper

ANTHONY BEVINS
Political Editor

incidents had included the arrest of 19 illegal immigrants found working on the site, and the detection of workers making improper benefit claims. Two Russians and 15 Poles were among the illegal immigrants detained following a tip-off. "People are able to wander freely around a highly sensitive site without being checked in

any way. It is quite extraordinary at a time of increased terrorism," said Mr Spellar.

But a spokesman for the main contractor, Shepherd Construction, said a distinction had to be drawn between the security procedures for a construction site, and the stricter procedures that applied when the site was gradually

The layman sees this site as a flagship for military and aviation research, but that is not the case. It only becomes high security once it is handed over to the client. When that happens, I assure you, the security is very impressive indeed."

The spokesman said that, a

usual, sub-contractors had been taken on and agencies had been used for the recruitment of labour. He added that it was the responsibility of the agencies to check workers' credentials. Pressed to say whether any action had been taken against the agency, he said: "We have decided not to take any further operations from them."

**JASON BENNETTO and
NAIMUS-SABAH ZAIDI**

The number of police officers in England and Wales has dropped in the past year despite government pledges to get more bobbies on the beat, a survey by *The Independent* reveals.

Chief constables are becoming increasingly concerned about being able to meet growing costs, including the expense of new protective equipment and computers, at a time when the public is demanding ever more policing.

A survey of all the police forces in Britain shows that more than 40 per cent of the 43 constabularies in England and Wales have lost officers during the past year leaving the total strength down by 57 to about 127,000. This follows the announcement by John Major at last year's Tory party conference to provide funding for an extra 5,000 officers during the next three years. Michael Howard, the Home Secretary, has also bragged that funding for the forces in England and Wales rose by £240m to £6.8bn this year.

An additional £20m was made available this year which is supposed to provide an extra 1,000 officers. Although the drop recorded by *The Independent* may be small any evidence that numbers are declining rather than increasing will be very damaging to the Government's claim to be the party of law and order in the run-up to the election.

Every force in Britain, except Avon and Somerset which said its current force strength was "confidential", provided their latest year-on-year comparison. The largest cuts have been for Merseyside police, Cumbria, Lincolnshire, Metropolitan, South Wales, Staffordshire, Suffolk, and Thames Valley.

The eight Scottish forces have fared slightly better, but only with a net increase of 168 officers.

Part of the problem is that some police chiefs, who have recently been given the power to decide exactly how they spend their budgets, are using their funds to buy equipment rather than officers. This has been exacerbated by a series of new developments for which no extra

buildings and technology in order to pay for the 5,000 promised extra officers. He also added that all forces are so overstretched because of a lack of resources that they sometimes cannot send officers to serious accidents. "The police service everywhere in the country is feeling overruled," he said.

A further problem is the growing bill for police pensions. In the past, contributions from officers' salaries covered the money paid out to pensioners but in recent years the cost of benefits has steadily outstripped the value of money paid in. The deficit, which is £800m this year, is already more than 12 per cent of the total £6.8bn revenue and is predicted to reach £1bn by the turn of the century.

However some forces have increased their civilian numbers - although others have taken significant cuts - which has freed more constables to work the beat and carry out operations.

During the survey Merseyside police, which has suffered a drop of 292, said that the decline was due to reduced funding. "We would very much like to have more officers," said a spokesperson, while Derbyshire Constabulary, which has seen a cut of 32, said its position was "not improving". Dorset has a recruitment freeze "for financial reasons" but Lincolnshire (a deficit of 48) promised a new recruitment drive. South Wales (-75) cited a "financial crisis" and Suffolk (-60) said that although it had a strategy for the next 35 officers it had "budgetary problems" and may have to spend the money on other things.

Ray White, Chief Constable of Dyfed Powys, and vice president of the Association of Chief Police Officers, said: "There are always going to be fluctuations in the level of manpower ... some forces have to catch up a long way in terms of

A Home Office spokesman said: "Recruitment is a matter for chief constables. Extra money is being made available for more officers, but it is up to police chiefs what they do with it."

'The police service everywhere is feeling overrun' - Richard Wells, Chief Constable of South Yorkshire



'Some forces have to catch up a long way in technology terms' – Ray White, Chief Constable of Dyfed Powys

money has been provided, including the creation of a national DNA database, providing stab and bullet proof vests, and most recently CS sprays.

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The fame dividend: Stars' huge pay increases put them among the fat cats



Shopped: Rowan Atkinson, who earns £1,341,000 from his company, Hindmeck, filming at Harrods, London, yesterday Photograph: Jane Baker

Mr Bean joins the serious moneymakers

BARRIE CLEMENT and STEVE BOGGAN

He may be a hunching oaf on television but in the boardroom Rowan Atkinson, alias Mr Bean, hatches the kind of money-making schemes of which Blackadder would be proud.

The comedian is one of a growing number of performers whose annual pay tops £1m and whose pay rises rival those of the most obese of City fat cats.

The latest survey by the Labour Research Department into directors' pay shows that more and more singers, comedians and actors are paying themselves as directors through companies, enjoying rises of up to 180 per cent a year.

Atkinson, who gave himself a 17 per cent increase to £1,341,750 through his company Hindmeck, has benefited enormously from the interna-



More, more, more: Paul McCartney's pay has risen to £869,455, while Elton John took £10,417,942



tional success of Mr Bean, which has generated video sales of more than 2 million. His success means that last year he was paid more than Paul McCartney, even though the former Beattie gave himself a 180 per

cent rise, to £869,455, through his company MPL Communications. He and his fellow Beattie, George Harrison, and Yoko Ono, the widow of John Lennon, stand to make more millions from the three-part

Anthology. As directors of Apple Corps, Ono and Harrison last year paid themselves £2,692,250 each, a rise of 78 per cent on the previous year.

The biggest pop earner last year was Elton John, who paid himself £10,417,942 through Happenstance/J. Bondi Ltd, with a 2 per cent pay rise.

Other artists managed to give themselves enormous pay packets while taking cuts in salary. Sir Andrew Lloyd Webber, of Really Useful/Escaway, took a cut of 65 per cent but still found himself on £6,134,682. Phil Collins a reduction of 73 per cent but paid £5,916,160; and Eric Clapton a drop of 56 per cent but paid £5,880,330. The pay of Mark Knopfler slid by 3.8 per cent to £2,755,000.

Elsewhere, the pay of senior executives at quoted companies already on more than £500,000 a year has risen by an average

15.9 per cent compared with the previous year's 10.1 per cent, according to the union-funded research. The average outside the boardroom is about 3 per cent.

Of the 175 top directors found by Labour Research, 106 enjoyed increases of more than 10 per cent, while 20 saw their pay more than double. The highest rise was awarded to Sam Chisholm, chief executive of British Sky Broadcasting, whose 609 per cent increase took his pay to £4,716,000.

Ian McCartney, Labour's employment spokesman, said that increasing numbers of individual shareholders were contacting the party to express their exasperation at the "huge" increases enjoyed by the top directors. "This has become the unacceptable face of corporate Britain," he said. "It's a question of boom in the boardroom and bust for the workforce."

Tobacco firm funds British nicotine study

CHARLES ARTHUR Science Editor

A scientist studying the effect of nicotine on brain cells yesterday defended a £100,000 grant she has received from British American Tobacco - one of the world's biggest cigarette producers - towards the costs of her research.

Susan Wonnacott said scientists were forced to accept such grants because rejecting them would starve Britain's future science base, by denying experience to graduate scientists.

Last week, the announcement that BAT had funded work by the Medical Research Council looking at the effects of nicotine on disorders such as Alzheimer's disease caused a huge row, leading to condemnation by senior academics and expressions of regret by researchers at the MRC.

In her laboratory at the University of Bath's School of Biology and Biochemistry, Dr Wonnacott said: "I think most people would prefer not to take grants that can be misconstrued by the public. But at the same time, we have a responsibility to try to maintain a career structure for graduate scientists."

The two-year grant of £100,000 from BAT, which runs out this month, was about 15 per cent of her overall costs - "enough to employ one post-doctoral scientist."

Dr Wonnacott is one of a handful of scientists in the country doing detailed work on nicotine's effects. It is an enormously specialist field, but could yield knowledge about addiction, the treatment of a wide range of illnesses, and even ways some things please us and others don't.

Without the funding, she could not have employed the scientist to assist on the project. "We're in something of a cleft stick in universities, because there are so few sources of funding," she said. "Government cutbacks have made life so difficult. Suppose you've got a labora-

ry where a post-doctoral scientist is working for three or four years, and your grant is coming to an end. If you can keep them in employment by getting an industry grant, you do."

But such rows now seem inevitable. Industrial funding of university research has more than tripled in the past decade, following repeated cuts by the Government in the grants made to universities. Some are now uneasy about the possible distortions of science that might follow. The MRC's involvement with BAT is only the most recent example.

Many scientists are worried about the fact that industrial

spenders over cheaper alternatives made by other companies. The study concluded it did not, and that US health costs could be cut by \$356m annually.

However, Boots objected to the work and used a clause in its funding contract with the UCSF scientist - specifying that publication could only follow Boots's written consent - to block the publication of the paper in JAMA, despite the journal having carefully checked the quality of the study and deciding that it met scientific standards.

The paper has never been published and Boots subsequently sold off its pharmaceutical arm. Last week, its UK head office said it no longer sponsors research in universities.

UK university advisers are aware of the potential pitfalls. "I'm sure most people have taken the Boots case as an example of what can happen if they don't take great care," said Jane Lee, corporate affairs director of the MRC. "It illustrates the traps you can fall into."

The MRC and Dr Wonnacott insist that BAT's funding contract is not onerous. "There are no strings attached - not on the research itself or on publication, nor did they demand to be acknowledged in any paper I write, or to see the publication in advance," she said.

So far, there has been no instance in the UK of a dispute like that between Boots and the USCF, according to Michael Powell, policy adviser at the Committee of Vice-Chancellors and Principals, which advises universities. "Certainly, universities here are aware of these issues, and try to ensure that these things are sorted out at the contract stage," he said.

The funding of research by tobacco companies seems likely to rumble on. "The smoking debate arouses a lot of passions that make it seem black and white," said Dr Wonnacott. "But there are grayer aspects in doing research."



Dr Wonnacott defends grant Photograph: Paul Walters

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news

Labour warns of acute teacher shortage

FRAN ABRAMS
Education Correspondent

Labour has warned that teacher shortages could soon reach crisis level. The numbers training to teach early years and primary education are falling despite government plans to offer nursery education to all four-year-olds next year, according to

figures released to the party. The figures also show that in secondary schools the numbers teaching maths, science and English have fallen continuously over the past decade.

At the same time, the number of pupils in the system is growing. Last year, there were an extra 100,000 children in school, and a similar increase

is expected in the coming year.

David Blunkett, Labour's education spokesman, said the school population was set to rise by 3.5 per cent in the next five years. "The Conservatives' failure to plan properly for our children's future has created a ticking time bomb in terms of a future shortage of suitably qualified teachers in key subject

specialisms," he said. "No wonder the Government have allowed the voucher scheme to operate without a qualified teacher being in charge of designated nursery education provision."

Mr Blunkett's figures, supplied in answer to a parliamentary question, show that the number of new students enter-

ing primary and nursery teacher training dropped from 16,600 in 1992 to 13,600 in 1995. Government targets for recruitment, which were set at 12,100 last year and were easily met, have been cut this year to 11,500 and are set to rise to 12,200 next year.

In maths, the number of qualified teachers dropped

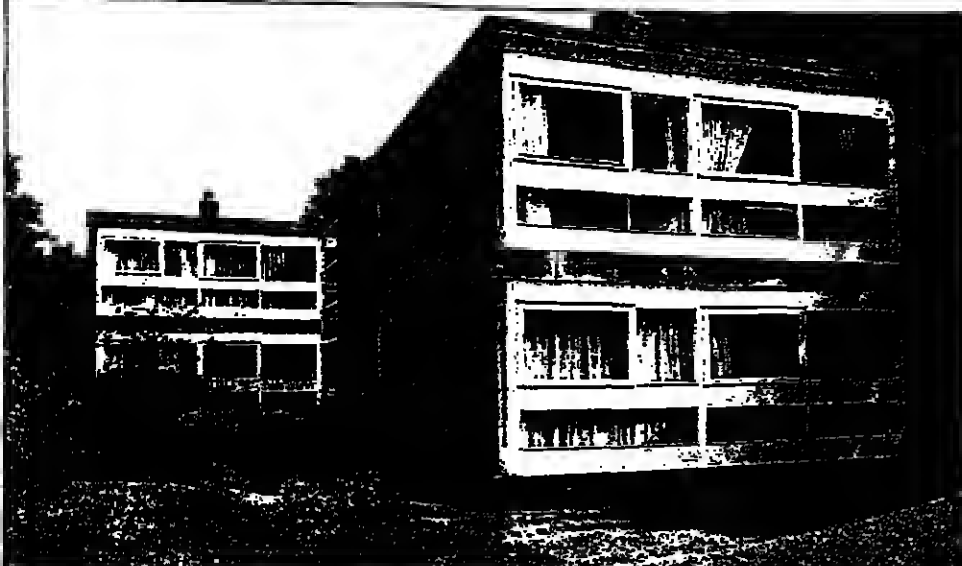
from 47,900 in 1984 to 38,100 in 1992, while in English the number dropped from 54,600 to 40,100 over the same period. In science, there were 49,600 teachers in 1988 and 46,200 in 1992.

Mr Blunkett has accused the Government of failing to act to solve the problem, which is bound to become more acute as

pupil numbers rise. At the same time, more teachers are opting to take early retirement - 11,500 in 1994-95. There is also a very high drop-out rate among teacher-training students, with 21 per cent failing to complete Bachelor of Education courses and 13 per cent dropping out of post-graduate training courses. However, a spokesman for

the Department for Education and Employment denied that there was any problem with recruitment. "Schools are having no difficulties in recruiting teachers. The vacancy rate is the lowest it has ever been. At the same time, the number of classroom assistants is rising. There is no teacher shortage," he said.

Art or eyesore? Controversy as vandal-plagued council estate is recommended for listed status as architectural landmark



Sheffield's fortress flats stand the test of time

ESTHER LEACH
and CHARLIE BAIN

The idea was met with raucous laughter. "Park Hill flats, listed as an important part of England's heritage. It's got to be a joke," said Royce Dixon, whose butcher's shop looks out on to the grey concrete walls of the high-rise Sheffield estate built 40 years ago. "The people who think up these ideas should try living here. Most people on the estate would rather see it pulled down than listed."

Today, Dr Martin Cherry, head of listing for English Heritage, is recommending that Park Hill is given Grade II* status, protecting it from demolition or unsympathetic redevelopment.

The first estate in the country to have pedestrian "streets in the sky", it is among 18 other public housing schemes, 18

private housing schemes and 30 private houses being recommended for listing as outstanding examples of modern architecture at an exhibition in London this week.

If Dr Cherry's recommendation is approved by Virginia Bottomley, Secretary of State for National Heritage, Park Hill - home to about 2,000 council tenants - will become Britain's largest modern listed building.

"Park Hill has been likened to a medieval fortress, a glittering cliff face of windows," said Dr Cherry. "The fact that it is only 40 years old and not 400 makes it no less important. It is a magnificent structure."

Mr Dixon laughed even louder. "It's a fortress all right. Kids are always throwing things from the battlements. Televisions, bits of concrete, you name it ... Quite a few of the

flats are empty and the council doesn't seem in too much of a hurry to fill them. And the concrete is crumbling. Men abscond down the buildings, removing the loose concrete about twice a year."

When Park Hill was first built, it basked in the glory of being the first estate in England to include pubs, shops and other amenities such as a community centre. Architects came from all over the world to see it, and it still attracts international attention, said Dr Cherry. Today, many of the shops and a few of the flats are empty, or hidden behind heavy shutters to protect them against vandalism.

Christine Karma, 41, who has lived on the estate for 18 years, said: "The people who first lived here kept the estate in an immaculate condition, but they have grown old and moved away. Now the estate is



Modern classics: Park Hill's 'streets in the sky'. Top left: Langham House Close, which influenced a generation of architects Photographs: Peter Byrne

troubled by vandals and it has become run down. But I like living here because there is still a strong sense of community. The people make this place special, not the buildings."

Among the other council housing schemes being put forward for listing this week at the exhibition at the Royal Institute

of British Architects' Centre in Portland Place, is Lillington Gardens in Fimbo, hailed by many as Britain's first successful alternative to the tower block. None of the estate's complex arrangement of flats and maisonettes, set around a formal garden, are over nine storeys high, and it set a trend which

spread throughout Britain in the 1960s. Parts of the Alton Estate in Rochampton, south-west London, the flagship project of London County Council's 1950s housing programme, are also being put forward for listing, as is the Golden Lane Estate in the City of London.

Among the 18 private hous-

ing schemes being put forward are the flats in St James's Place, central London, the first development for the luxury market designed by Sir Denys Lasdun, and Langham House Close, Ham Common, south-west London, the first work by the Stirling Gowan partnership. The use of both brick and

concrete to express the structure of Langham House influenced a whole generation of architects.

Among the post-war private houses is Farnley Hey, near Huddersfield. With its contrast of natural brick and stone with Formica, it is perhaps Britain's best-known example of the American "contemporary" style.

Penal groups attack plan to name young offenders

PATRICIA WYNN DAVIES
Legal Affairs Editor

Proposals for the worst young offenders to be "named and shamed" by giving magistrates the power to remove their traditional anonymity came under attack yesterday from penal groups.

Abolition of automatic anonymity for the under-18s could be unveiled at this autumn's Tory party conference by Michael Howard, the Home Secretary. The initiative would be designed to humiliate young tearaways and thugs and shame their parents into taking more responsibility, but would be a radical departure from the 60-year-old rule that juveniles should not be named, except in exceptional circumstances, such as where anonymity would cause the offender an injustice.

Paul Cavadin, chairman of the Penal Affairs Consortium, the umbrella group for penal organisations, said: "The reason

why the names of juvenile offenders are not normally published is that it can seriously hinder their future rehabilitation. This is as true now as it was when the rule was introduced in 1933.

"If the Government scraps the rule, it will be giving a knee-jerk punitive response priority over the prospect of rehabilitating young offenders."

But some party strategists hope, however forlornly, that the threat of public exposure in cases of serious offences could force parents to take a hand in reforming teenage behaviour. This would put a hard-core of young offenders on a par with the handful of children who appear at the Crown Court for the gravest offences.

Penal reform groups will argue strongly, however, that the public branding of young criminals at an early age will encourage many that they have nothing to gain by trying to reform. Jack Straw, Labour's

home affairs spokesman, has already published proposals to give youth courts the power to pass a new sentence of naming offenders, but this would only apply to 16- to 18-year-olds. A party spokesman said: "There are a number of serious questions about the under-16s. For most young people, the effect of coming into contact with the criminal justice system for the first time is a deterrent."

Labour is sympathetic to the complaint that hardened young offenders cock a snook at the system and treat it as a joke, but insists the root of the problem is the huge delays in bringing them to justice.

It has called for fast-track court processing for persistent offenders, the formalising of the cautioning system so that offenders are given a clear "final warning", and a sentencing process based on the Scottish scheme. Such a scheme would involve an inquiry by magistrates, welfare workers, teachers and other community representatives to devise the best sentence for a particular offender. It would come into play immediately a guilty plea is entered, whereas the current adversarial court system encourages offenders to plead not guilty, delaying decisions about their treatment.

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DAILY POEM

From Rome the Sorceress

By André Frénaud

*A giant marble foot, preserved with no body
as a statue to amuse us, a tortoise
bearing the world, an elephant beneath its column,
a small child playing ... And a tender terrace,
embracing with geranium
the ancient laudatory tomb,
the slow fountain rising, the whisper
from basin to basin between the stairways,
between the statues seen at the sky's end,
a turtle-dove and a fiasco on the step.*

*Who wanted
fragments of hell and the beauty of gates
in this palace? Who wanted
nights exposed to beasts in this palace?
I remember: a pit at the roadside,
near the fig tree. Then there was
a glut of animals laying hold of one another,
long white bodies in the mud, the glistering back,
someone's hair ... Would it be there? I have dreamed so much.*

La Sorcière de Rome was written in 1973 by one of France's most distinguished poets and has recently been translated by Peter Broome for the Bloodaxe Contemporary French Poets series. Frénaud first became known for his wartime poetry, written from a German labour camp. *Rome the Sorceress* is his richest and most disturbing work, in which the city becomes a focus for a profound meditation on culture and barbarism, faiths and revolts, cruelties and aspirations.

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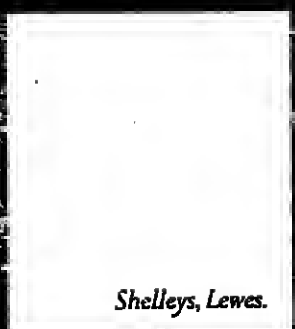
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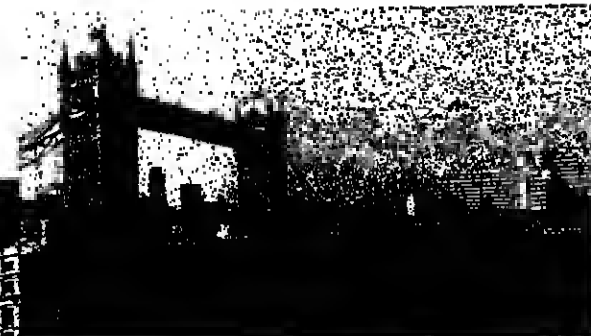
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Conflict in Kurdistan: Turkey demands immediate withdrawal, while US sends reinforcements to Gulf in warning to Saddam

Terrified Kurds flee huge Iraq offensive

HUGH POPE
Istanbul

Western policy towards northern Iraq lay in ruins yesterday as Iraqi armour dug in outside the Iraqi Kurdish capital of Arbil and their new Iraqi Kurdish allies established themselves inside the city of one million people.

"All the English and American aid workers have left. From time to time, there is still sporadic gunfire," said a UN official near the city reached by satellite telephone.

Turkish reporters who had

been in the city at the time of the joint attack by the Kurdistan Democratic Party (KDP) and their Iraqi backers on Saturday said it had all happened so suddenly that the Iraqi Kurdish civilian population had no time to flee.

"We immediately jumped into our cars with the shells exploding around us. But all the exits of the city were blocked. We had to plead to be allowed through," said one.

The Iraqi leadership has said its intervention in northern Iraq was a limited operation and that troops would soon with-

draw. Some KDP officials said the withdrawal had already begun, others that they "hoped" it would start soon.

The party has traditionally been perceived as pro-Western, and its spokesman tried hard to justify its alliance with the troops of Iraqi President Saddam Hussein.

"The KDP move to take control of Arbil was a desperate act to defend itself against mounting Iranian-PUK military pressure to end our movement... the KDP has no intention to invite Iraqi forces back into northern Iraq," he said.

But the Iraqi armour and towed artillery pulled up outside Arbil did not leave yesterday, according to witnesses. And a US military spokesman confirmed that technically the Iraqis had not broken any UN rules, since the only ban is on using warplanes or helicopters north of the 36th parallel.

"We are all waiting for a lead," admitted one American officer as statement after statement from Washington could only talk of ultra-high levels of alertness and possible reinforcements of air bases.

The Turkish military, close-

ly allied to the Americans, has filled all planes flying to the east with security forces to reinforce units on the Iraqi border. Foreign Minister Tansu Ciller yesterday issued a strong demand that Iraqi forces withdraw "immediately".

Turkey does not want to see any repeat of the refugee crisis that followed Saddam Hussein's recapture of north Iraq after the Gulf War in 1991, or any chaos that could benefit its own Turkish Kurd rebels. But it is hard to imagine how Ankara can now get involved in an essentially internal Iraqi matter

without risking conflict with both Iran and Iraq.

It is also hard to imagine what allied or Turkish forces can attack. The rationale of allied air patrols is to defend Iraqi Kurds from Baghdad, but the KDP, which now "controls" two of the three provinces of Iraqi Kurdistan, Duhok and Arbil, is openly co-operating with it.

The KDP's about-face signals the likely end of the long uphill struggle by Western diplomats to bring the 3.5 million Iraqi Kurds together as a self-sustaining entity. Struggles over trade, money and power have

already split them for more than three years.

It is also a heavy blow to the West's use of northern Iraq to exert pressure on Saddam Hussein. That idea was reinforced by unconfirmed reports of a massacre of 97 members of the umbrella opposition group, the Iraqi National Congress, mostly Iraqi army deserters based in a camp east of Arbil near the town of Khushepe.

The KDP's main rivals in the Patriotic Union of Kurdistan (PUK) pleaded for the US to intervene, saying Iraqi forces were testing their will by shel-

ling the town of Chemochemal, close to their stronghold Sulaymaniyeh, capital of the third province of Iraqi Kurdistan.

"I am going to tell you frankly. We are going to wait some days, or let us say one week, to see what the reaction is of the United States and the West. If the West betrays us... we will surely turn to anyone who is ready to help us," PUK leader Jalal Talabani told the BBC. "It means that the West will be finished in the area. The area will be divided into one group pro-Iraqi and one pro-Iranian."

Poser for America as its old nemesis returns

RUPERT CORNWELL
Washington
DAVID USBORNE
New York

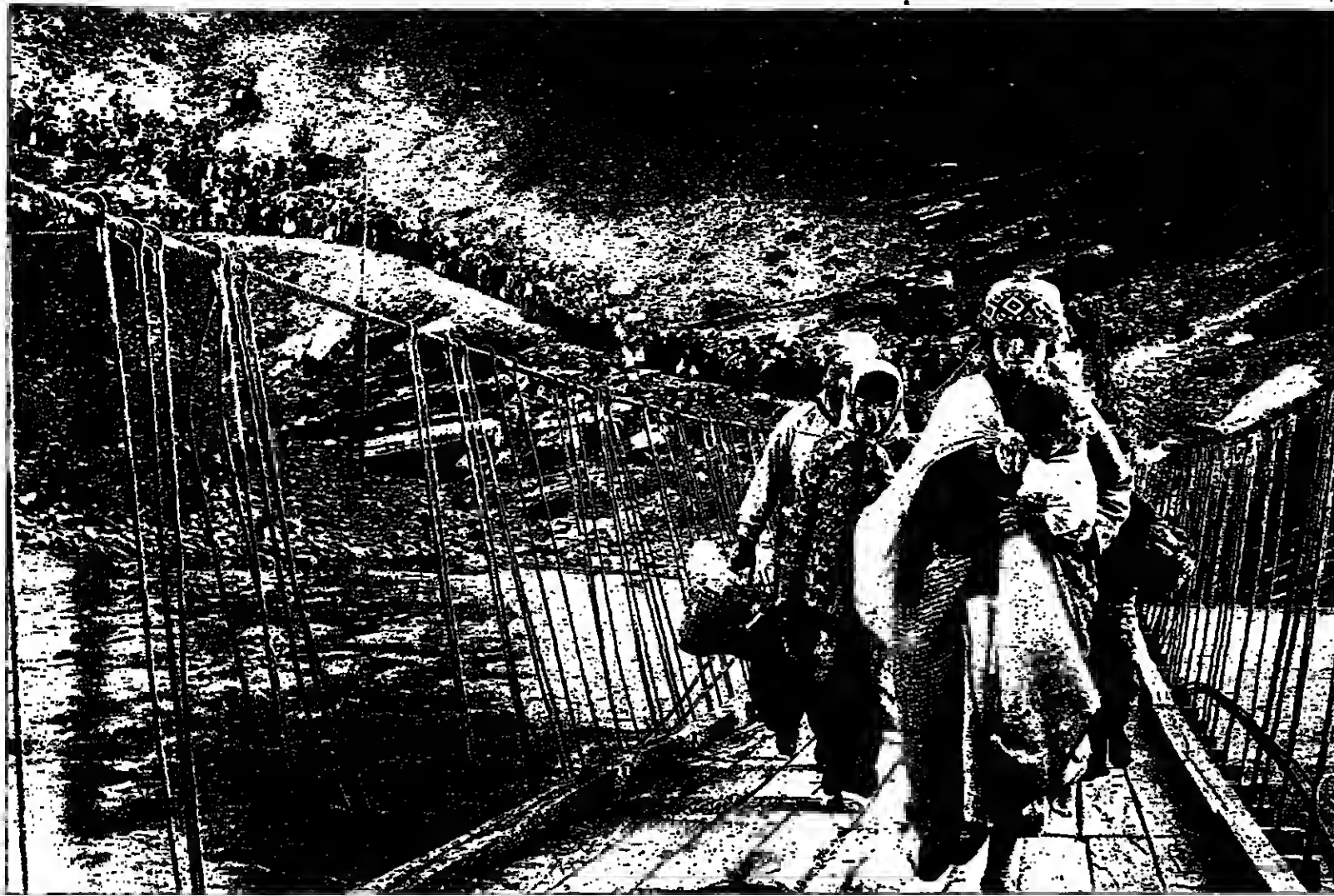
The US yesterday sent reinforcements to the Gulf but the Pentagon is giving no sign that military action is imminent, despite the Iraqi onslaught.

With reports still confused, the Clinton administration sent B-52 bombers to the region and readied extra airpower to boost the 200 US aircraft and 23,000 American troops there. Warren Christopher, the Secretary of State, cut short a holiday to return to Washington to consult with advisers, Britain and France and other allies.

On Saturday Mr Clinton expressed "grave concern" but said it would be "premature to speculate on any response we might have". Yesterday his chief of staff, Leon Panetta, said there "would be a response with consequences for Saddam" if he did not withdraw.

What that might be is a mystery: Washington is in a quandary over how to respond to this latest challenge to its credibility in the region. Unlike five years ago, when Iraq's incursions led to the imposition of the "safe haven", the picture is muddled by factional between rival Kurdish groups linked to Iran and Iraq.

United Nations diplomats doubted that by invading the safe havens Iraq had explicitly violated individual provisions of any UN Security Council resolutions passed after the 1991 Gulf war. One said: "To be frank, this is a very grey area". Security Council resolutions confer in general terms a re-



March of misery: Kurds fleeing an earlier incursion by President Saddam. This time, the issues are not so clear-cut.

Photograph: Patrick Cockburn

sponsibility on Baghdad to maintain peace across Iraq and not to repress minorities. The texts provided the US and its allies with diplomatic justification for carving out safe havens within Iraq. The same resolutions are non-specific about what Baghdad may or may not do militarily in the areas. More detailed are the ceasefire agreements negotiated at the end of the war, which include provisions barring the use of Iraqi aircraft in the north but which are not covered by UN authority.

The remoteness of the region would make massive intervention on the ground difficult. If the US is forced to step in directly, most analysts suggested,

it should use pinpoint air attacks against the Iraqi armoured columns which have moved across the 36th parallel.

Diplomatic retaliation is also a possibility. The offensive must call into some question the UN permission last month for Iraq to sell \$2bn (£1.3bn) of oil to import food and medicine for civilians. Bob Dole, the Republican candidate for the White House in November, said the latest events proved the decision to relax sanctions was "premature and ill-advised", to which Mr Clinton's spokesman, Mike McCurry, said sales were "tightly structured" to humanitarian relief.

Again therefore, Iraq haunts

US politicians in an election season and with it a familiar question: should the US and its allies have finished the job in 1991 by going all the way to Baghdad?

The Kurdish foray is a reminder that despite sanctions, attempted coups, and diplomatic isolation, President Saddam has had no more success in dislodging him. Even so, harrising disaster, dealing with him should work to the incumbent's advantage, given that in moments of foreign-policy tension, the country rallies behind its president. Handling the crisis ends Mr Clinton, already 15 per cent or more ahead in the polls, with an aura and authority Mr Dole cannot match.



Saudi calls for jihad against US 'crusader'

To the shock of many of his supporters, the Saudi dissident Osama Bin Laden has called for a "holy war" against the US inside Saudi Arabia and for "swift and light forces working in complete secrecy" to strike against what he calls the "crusader" army in the Gulf states.

Parts of the original statement from Mr Bin Laden, the wealthy leader of hundreds of Arab fighters who has returned to live in Afghanistan, where he once fought Soviet troops, were published in Saturday's London edition of *Al-Quds al-Arabi* but without proof of authenticity.

However, the *Independent* has confirmed Mr Bin Laden, accused by the US State Department of being "one of the most significant financial sponsors of Islamic extremist activities in the world today", did write the call for jihad (holy war) from Afghanistan on 22 August.

He said "the presence of the American crusader forces in the Muslim Gulf states... is the greatest danger and the largest harm which threatens the world's biggest oil reserve... pushing out this American occupying enemy is the most important duty after the duty of belief in God." He urged the Saudi armed forces to stand aside from the struggle against the Americans, who have about 5,000 military personnel in Saudi Arabia, alongside smaller British and French contingents.

For Mr Bin Laden's supporters among the dissident Saudi "Advice and Reformation Committee" outside Afghani-

stan, his call was a profound surprise. "We do not think this is the right moment to start a conflict with the (Saudi) regime," one told the *Independent* yesterday. "Osama has made a detailed, 12-page statement, a major plan to explain the declaration of jihad, a whole project. But we thought we were all agreed that we should try to keep the situation under control in the country, to control the people and not let things get out of hand. I was expecting the concept of jihad in Saudi Arabia to come up a long time ago - but not from us. Saying we have an enemy is one thing but declaring war is something else."

Why Mr Bin Laden chose this moment to make his most extreme remarks about the US presence in the Gulf is unclear. It comes, however, when organisers of the "Rally for Islamic Revival" are planning a major conference of Islamist groups in London on Sunday at which, say some reports, will be shown a videotaped statement from Mr Bin Laden (the Government has told him he will not be allowed in), an interview with Sheikh Omar Abdul Rahman, the Egyptian cleric jailed for al-

leged involvement in a planned New York bombing, and a phone interview with Ali Belhadi, one of the jailed leaders of the Algerian Islamic Salvation Front, which was banned when it was about to win a second round of elections in 1992.

Mr Bin Laden's colleagues dismiss the report of a videotape message and are mystified by the claim that Sheikh Omar would be able to make a videotape in his US prison. Other Islamist groups express astonishment at the idea that Belhadi, under the constant eye of the Algerian security services, would be able to participate in an interview.

The London conference has nevertheless provoked predictable anger among Arab leaders who claim it will encourage "terrorists" in their own countries. President Hosni Mubarak has complained to Britain that it "will not help the international struggle against terrorism". Algeria's Foreign Ministry has complained that "the commanders, instigators, theoreticians, financiers and zealots of international terrorism" will be taking part.

Up to 80,000 people have died in Algeria's four-year war, in which "Islamists" and death squads have murdered thousands of innocent civilians, by shooting and throat-cutting. Since 1992, more than 1,000 people have been killed in Egypt, mostly policemen and "Islamists" but also foreign tourists, businessmen and at least one US intelligence agent,

The main political groups involved in the Kurdish conflicts

KURDISTAN DEMOCRATIC PARTY

The main protagonist in the latest round of fighting - raising hackles with its sudden tactical alliance with Baghdad. Founded in 1946 by Molla Mustafa Barzani, the Kurdistan Democratic Party is the mother of most other Kurdish parties in Iraq and has affiliates in Iran and Turkey.

In 1970, it secured agreement with Baghdad over self-rule in Kurdish areas as well as a Kurdish role in the Baghdad government. This deal, as with others in the past, collapsed when regional alliances changed.

The current leader, Mollad Barzani, took over after the death of Molla Mustafa in 1979. Barzani, 50, spent years in exile, living and travelling in the Middle East, the former Soviet Union, Europe and the US. He speaks Farsi, Arabic, and English.

The KDP is seen as a mainly rural party centred on the Barzani tribe. But many educated, urban Kurds also fol-



Mollad Barzani: 'Realism demands reconciliation'

low Barzani as they see his policies of reconciliation with Baghdad as the only realistic choice. He now controls the central province of Arbil and the north-western province of Duhok, including the border with Turkey, where it charges up to \$250,000 per day taxes on the lucrative and semi-legitimate trade between Turkey and Iraq in diesel oil, foodstuffs and medicines. The distribution of these taxes is a main bone of contention with the PUK.

KURDISTAN WORKERS PARTY

The Kurdistan Workers Party (PKK) has played no role in the current fighting, but Turkey fears that the PKK may have the most to gain from renewed tension and chaos in northern Iraq. During its 12-year struggle with government forces in Turkey, the PKK has ruthlessly established itself as the sole rebel movement of the Kurds of Turkey, who are less well-educated but probably four times as numerous, as the Kurds of Iraq. It has recently proved it can run bases for several hundred militants with impunity inside north Iraq.

The PKK recently removed the hammer and sickle from its flag, but it is still a totalitarian, far-left nationalist movement, run by its leader Abdullah Ocalan. Mr Ocalan's main base appears to be in Syria and the organization seems to have training bases, again in Lebanon's Syrian-controlled Bekaa Valley.

The PKK is the only group that has openly advocated a separate state to unite all the 20-25 million Kurds split between Turkey, Iran, Iraq and Syria. Recently it has toned down these demands, but its militant message has found support among Iraqi youth disillusioned with the squabbling of the PUK and the KDP.



Ocalan: wants a state to unite all the Kurds

PATRIOTIC UNION OF KURDISTAN

The PUK has been the losing side in the recent conflict, and is accused by the KDP of growing links over its eastern border with Iran.

It is led by Jalal Talabani, previously a senior KDP member who clashed with Molla Mustafa before setting up the PUK in June 1975. Talabani then joined with Baghdad against the KDP in a feud that lasted into the 1980s.

Talabani tried to organise the PUK as a more modern political party than the tribal KDP. He developed broadcast and newspaper outlets to reach educated, urban Kurds with a more left-wing message. But gradually the PUK appeared strongest in eastern Kurdistan where Surani dialect speakers are most populous, while the KDP remained stronger in the Kirmanci-speaking north-west.



Talabani: split with the KDP to form own movement

After the 1991 Gulf war, the PUK appeared reconciled with the KDP. And in 1992 elections, the two parties took 50 seats each in the regional Kurdish government, based in the main city of Arbil. But fighting erupted again in December 1994 when the PUK captured the regional capital Arbil and northern Iraq was in effect split between them.

"A yew is just as important as Durham Cathedral, and hell of a sight older"

David Bellamy



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Latin America: Resurgence of rural guerrilla movements shows that a tradition of resistance survives intact from the 1960s

Mexico on its guard against new attacks

PHIL DAVISON
Mexico City

The Mexican President Ernesto Zedillo did not give the so-called Popular Revolutionary Army (ERP) the pleasure of referring to them by name. But there was no doubt the newly emerged guerrillas were at the forefront of his mind when he made his annual "Informe", or state of the nation address, to Congress yesterday.

It was enough only to look around the centre of the capital, where the tightest-ever security measures were in force three days after the guerrillas launched co-ordinated attacks in six states.

Some 16,000 police joined thousands more army, navy and airforce personnel throughout the city to guard the Congress, the city centre, the international airport and key installations. Sharpshooters perched on government buildings and the Palace of Congress where he made the speech.

Even government officials, who have publicly played down the importance of the latest guerrilla attacks, admitted they were tense and concerned the rebels might strike again during the parade, pomp and ceremony surrounding the speech.

The tension increased after the ERP rebels clashed with police and army units in two new incidents on Saturday in the southern state of Oaxaca and attacked an army commando in another state, Michoacan. At least two people were killed.

While avoiding naming the ERP, Mr Zedillo raised his voice for the only time when he told congressmen: "We Mexicans can not accept that just when the country is back on its



Ernesto Zedillo: Promises of a tougher stand on guerrillas

feet, groups appear who are dedicated to terrorism and murder. We will respect individual and human rights but we will act with the full force of the state."

His tough stand against the guerrillas brought him several standing ovations.

Earlier, he had been interrupted twice by a silent protest by a left-wing congressman who walked in front of the podium and peeled off anti-government placards. Jarring somewhat with Mr Zedillo's pledge of greater openness, all television stations switched cameras to cut the protester out.

While Mr Zedillo's government and its US allies have billed the guerrillas as upstarts who pose no threat to Mexico's stability, it would be wrong to underestimate the strength of disillusionment in Mexico with the slow pace of change.

The ERP is a blossoming of 30 years of activity by dozens of urban and rural leftist groups. The movement traces its origins back to the student uprisings of 1968 which were fuelled by the cost of staging the Olympic games that year.

A "dirty war" by the author-

ities led to a wave of "disappearances", forcing the leftists underground.

One such group, the Forces of National Liberation (FLN), joining with Mayan Indian peasant groups, metamorphosed into the Zapatista National Liberation Army (EZLN) which stunned Mexico with an uprising in Chiapas on New Year's Day, 1994.

Typically, its members were mainly Indian peasants but its leaders, such as subcomandante Marcos, the pipe-smoking intellectual in a black balacava, were white or mestizo (mixed race) intellectuals - disciples of the "class of '68".

Another group, the Party of the Poor (PDL), continued to gather support in the southern state of Guerrero and linked up

with a group in neighbouring Oaxaca called the Revolutionary Clandestine Workers' Party - Union of the People (PROCUPE), to form the EPR.

The EPR first surfaced publicly on 28 June this year at Aguas Blancas, a village only a short distance from the Pacific tourist resort of Acapulco when guerrillas fired 17 rifle shots in the air to honour peasants killed in a massacre and gave a speech calling for the overthrow of the government.

Although the guerrillas were called a "phantom", they abruptly cast off the label with the co-ordinated attacks in six states last week in which 15 people, mostly policemen or marines, were killed. The guerrillas then disappeared into mountain forests.



An army patrol overtakes a bus near Zoquiapa, searching for EPR rebels

Photograph: Gerardo Magallon/Reuters

Colombia reels from cocaine rebel offensive

CHRISTOPHER TORCHIA
Associated Press

Bogota - Colombia's armed forces went on nation-wide alert at the weekend, after a series of rebel attacks on government targets killed at least 94 people, the military reported. It was the bloodiest guerrilla offensive in decades.

Friday's raids were in retaliation against efforts to suppress protests by coca farmers' over a government campaign to eradicate their plots, according to officials.

"Those behind these attacks are wrong if they think they can distract the government's attention from [eradication] operations in the south of the country," President Ernesto Samper said.

Under the military alert, security forces were ordered to remain in their barracks and patrols were stepped up.

At least 94 guerrillas, police, soldiers and civilians were killed in the attacks. Officials said the death toll could rise. In one assault - the single bloodiest clash in years - hundreds of guerrillas overran a military base near the border with Ecuador. At least 34 soldiers were killed and 20 wounded, said General Harold Bedoya, the army commander.

A military source said more than 50 soldiers were killed in the attack at the remote jungle base in Las Delicias, 340 miles

south of Bogota. The bodies were not discovered until Saturday. Rebel casualties in that battle were not known.

At least 33 police and soldiers and 25 rebels were killed in other clashes, said Defence Minister Juan Carlos Esguerra. Rebels, who control many rural areas but pose no threat to the government, escaped before army reinforcements arrived.

Authorities blamed guerrillas of the Revolutionary Armed Forces of Colombia. The group, the oldest and largest of Colombia's rebel groups, has thousands of fighters.

In past weeks, tens of thousands of peasants have gathered in southern Colombia to protest against government plans to destroy coca, the plant used in cocaine processing. At least 12 civilians have been killed in the violence. Authorities accuse the guerrillas, who say they represent Colombia's poor, of provoking often violent protests to protect drug-trafficking. Protesters say that growing coca is the only way they can make a living.

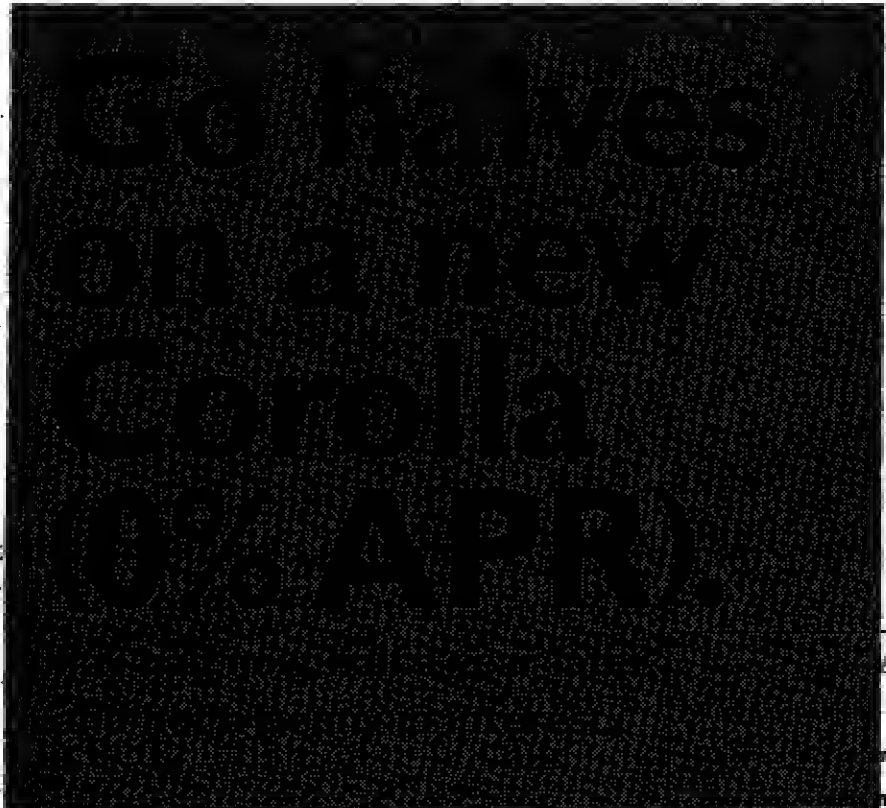
"They [the rebels] are defending their interests in their coca plantations," said Hoidal Delgado, chief of the armed forces. "This is truly revenge for the number of laboratories destroyed and crops affected."

Delgado said the jungle battalion attacked in Las Delicias had recently been successful in destroying cocaine labs.



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THE INDEPENDENT



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international

Chechen 'peace' changes little

PHIL REEVES
Moscow

Russians who believed that Alexander Lebed, the Mr Fix-it of the Kremlin, had finally hurried their dispute with Chechnya, saw their hopes fading this weekend. The rebels' most senior politician made clear that the war may be over, but the battle for independence was not.

Only a day after Mr Lebed had scrawled his name on a peace agreement, Zelimkhan Yandarbiyev, the separatists' self-styled president, was pub-

licly insisting that his followers' demands for total autonomy were unchanged.

Although his remarks may have been an attempt to appease radical factions in the rebel movement who resent making any concessions to the Russians, they are also certain to be seized upon by critics of the accord in Moscow and Chechnya, who - for a variety of reasons - are finding it hard to stomach the sight of Russian troops leaving the war zone.

While many ordinary Russians and Chechens welcome an end to the conflict, whatever the

terms, the political response has veered from enthusiasm (from the head of the liberal-leaning Yabloko parliamentary group) to careful praise (from the Prime Minister, Viktor Chernomyrdin), to outright coolness (from a holidaying Mr Yeltsin).

But there is no doubt that Mr Lebed's confident announcement that the "war is over" is regarded with deep alarm and suspicion by others, including powerful elements in the Russian military, who see it as tantamount to defeat, and members of the Moscow-

backed Chechen government who now face the wrath of a slice of the Chechen population which believes that it was betrayed. Yesterday there were reports that the puppet government, which was elected by a rigged vote, was planning to resign.

Under the agreement, settlement of Chechnya's political status will be postponed for five years, but it is not clear how it will eventually be determined. The separatists had hoped for a referendum, which would be certain to produce overwhelming support for secession, but it

is not clear whether this has been agreed. A poll would meet with resistance in the Kremlin, which has been adamant that, whilst it may be willing to grant considerable autonomy, it will not accept the total separation of Chechnya from the federation.

Mr Yandarbiyev's remarks are further proof that the issue may have been delayed, but it has not been resolved. That may not be the only quarter which presents problems. Mr Yeltsin has so far remained silent about the deal, and is continuing to treat Mr Lebed with all the

aloofness of a headmaster dealing with a pushy schoolboy.

According to Mr Chernomyrdin, the President approved a draft of the agreement before Mr Lebed set off for the negotiations. But yesterday he was reportedly asking for details of alterations made during the talks. The President's frostiness has added to the evidence that Mr Yeltsin has no desire to shower garlands on Mr Lebed. But it is also caution politics. All deals on Chechnya can easily explode. Mr Yeltsin knows that it is best not to be standing too close when they do so.

Chirac and Kohl fight to revitalise EMU

IMRE KARACS
Bonn

Facing economic despondency, market turmoil and mounting labour unrest at home, President Jacques Chirac of France came to Bonn last night to seek reassurance from the leader of Europe's largest economy.

For once, President Chirac and Chancellor Helmut Kohl did not disguise the nature of the visit. What had been pencilled in as a routine working trip turned into an anguished discussion about the ever-worsening prospects for European Monetary Union.

Despite the two leaders' avid determination to banish any doubt that EMU will arrive on schedule in 1999, the money markets continue to bet against the project starting on time, just as public misgivings on the Continent are growing.

The markets seem convinced that France will not fulfil the Maastricht criteria in time. The franc has been under attack throughout the summer. A German interest rate cut last month offered only brief respite.

Unfortunately for France, there is little more help that Chancellor Kohl can offer. Bonn is itself in serious danger of exceeding the 3 per cent budget deficit allowed under the rules. Cuts are being prepared to salvage next year's budget but the patience of German workers is running out. Unions have erected a stall opposite the government quarter in Bonn demanding "Jobs and social justice".

Quietly, even Bonn is softening its stance on EMU, ditching demands for a "stability pact" that would penalise profligate member states within it. The markets are wondering whether the target date of 1999 might be ditched next.



Ways and means: An Afghan shopkeeper is amused by questions about the Pepsi cans in his shop in Chicken Street, Kabul. Goods are reaching the capital and other cities by chartered aircraft despite transit trade restrictions imposed by Pakistan last year. Photograph: Darren Whithers/Reuters

Love unites stars of black struggle

Local heroes

Graca Machel and Nelson Mandela

It must have been desperately hard for Graca Machel when her husband died. The plane crash which took the life of Samora Machel, the President of Mozambique, removed one of the most charismatic, intelligent and charming of all of Africa's post-independence leaders, a man whom even Margaret Thatcher found compelling and persuasive despite his Marxism. Perhaps it must

have seemed, then, that no-one could ever take his place. But now, the news that has been gossip for the last five years has finally been confirmed: Graca is involved in a relationship with Nelson Mandela.

For months, officials have fenced and hedged when asked about the relationship between the widow of the President of Mozambique and the current President of South Africa, usually resorting to the formula that they were "just good friends". But yesterday, reports in South Africa's *Sunday Independent* claimed that they were in a "steady relationship".

"President Nelson Mandela is in love. After months of speculation, the *Sunday Independent* can now confirm that Mandela and Graca Machel... are involved in a steady relationship and are ready to go public. The couple plan to spend as much time together as possible," the paper said. "They plan to spend two weeks of each

month together at Mandela's Johannesburg home. Machel will spend the rest of her time in her home country."

Spokesman Parks Mankahlana said: "All I can say is, the story is not untrue."

Graca Machel, 50, is a very popular and important figure in Mozambique. Known as a former Frelimo guerrilla and education minister as well as the widow of the man who brought the country to independence from Portugal, she has worked with the United Nations Children's Fund, headed a UN study on the impact of war on children and is an advocate of women's and children's rights.

The exact cause of the 1986 plane crash which claimed the life of her husband, Samora, was never precisely identified; but it has long been suspected that it was the work of either the South African Government or of terrorists operating on their behalf. It was this which was to bring her together with Man-



Popular: Graca Machel, known as a former Frelimo guerrilla

dela. Oliver Tambo, the former ANC leader, became custodian of Machel's seven children. Mandela took over that role in 1990; within two years, the first rumours about their relationship had started to circulate.

Mandela, 78, had had a tough time after coming out of prison in February 1990. Despite the international acclaim, his marriage to Winnie was already coming apart at the seams. He had married her in 1958, after divorcing his first wife, Evelyn. Just four years later, he was jailed for 27 years. By the time he emerged from prison, there

were already many stories of her ruthlessness, her abuses of authority, her spending, and affairs. Finally, it came to divorce earlier this year, despite Winnie's efforts to prevent it. At the divorce hearing, the freedom fighter who had transformed South Africa said he was "the loneliest man in the world".

But at the very mention of Mrs Machel, his face is said to light up. Their meetings have been the talk of South Africa, with trysts rumoured to have taken place around the world, most recently at the wedding of Robert Mugabe, Zimbabwe's Prime Minister.

So will they marry? Mr Mankahlana said yesterday: "I'm not aware of any marriage plans." He may feel a little reticent about recommitting himself so soon after ending one marriage, but Mr Mandela is a family man, and it may well be that they decide to tie the knot. It would be a great marriage, uniting not just two nations, but two heroes of the black liberation struggle in Southern Africa, brought together by the struggle against apartheid.

Andrew Marshall

SIGNIFICANT SHORTS

Israel's foreign minister revealed that Israeli and Palestinian officials were holding secret negotiations and said he expected a breakthrough very soon in the Mideast peace process. David Levy said the talks lasted until 5am yesterday and he believed another session later in the day could lead to overcoming key obstacles. "I am of the hope that today an agreement will be reached between the Israeli government and the Palestinian Authority," he said after a meeting in Alexandria with President Hosni Mubarak. He was apparently referring to meetings reportedly taking place between Dore Gold, political adviser to Benjamin Netanyahu, the Israeli Prime Minister, and Mahmoud Abbas, chief aide to Mr Arafat. AP - Alexandria

Kuwait's government announced parliamentary polls would be held on 7 October in the second race since the 1991 Gulf war for the only elected legislature on the Arab side of the Gulf. The date must be approved by the Emir of Kuwait, Sheikh Jaber al-Ahmad al-Sabah. The fortunes of the 50-seat chamber are watched closely as a potential model for other states in the region. Kuwait allows civilian males born to Kuwaiti fathers to vote; military personnel, policemen, women, naturalised Kuwaitis and foreign residents cannot vote. Reuters - Kuwait

The Libyan leader, Muammar Gaddafi, celebrated 27 years in power as dozens of jet fighters roared overhead and hundreds of his revolutionary Green Guards shouted defiance against Western-led sanctions. He watched a two-hour parade along the Tripoli seafront flanked by three African presidents and the US Nation of Islam leader, Louis Farrakhan. Colonel Gaddafi, 54, led a group of young army officers who seized power from King Mohammed Idris on 1 September 1969. Reuters - Tripoli

Portuguese international and Intercity trains were halted for the third successive day by a strike called by drivers to press demands for better working conditions. The state railway company used buses to take Paris-bound travellers to the Spanish frontier, where they could continue their journey by train. Reuters - Lisbon

Demonstrations broke out in the streets of the Sudanese capital, Khartoum, in protest the shortage of bread, and police used teargas to disperse people. Protesters rioted in the streets of the capital and its twin city Omdurman, smashing vehicles and stoning security forces, they added. Reuters - Khartoum

Nearly 100 Bahraini opposition activists have been freed from detention on the order of ruler Sheikh Isa bin Salman Al Khalifa. Authorities rounded up hundreds of activists since a violent Shia Muslim-led opposition campaign began in December 1994. AP - Manama

The Italian separatist leader Umberto Bossi wrote to the European Commission asking what provisions had been made allowing the northern state he wants to create to join Economic and Monetary Union on its own. A recent study said a hypothetical northern lira would be worth 500 to the Deutschmark, while a southern lira would be worth 2,000 at current rates. Reuters - Rome

The first permanent international criminal court has taken a step with the decision by experts to try to finish preparatory work by April 1998 so that a conference can be convened later that year. The International Criminal Court would try crimes against humanity. AP - New York

The first global conference against child prostitution and child pornography closed on Saturday with an address from Sweden's Queen Silvia, who said that "this modern form of slavery has to be stopped." The congress took on added urgency because of the child sex scandal wracking Belgium. AP - Stockholm

The Pope attacked his native Poland over a new abortion law. "A nation which kills its own children is a nation without hope," he said. A vote in Poland's lower house of parliament allowed women to end pregnancies before the 12th week if they were too poor to raise a child or had other personal problems. Reuters - Castlegandolfo

The Romanian nationalist Gheorge Funar launched his campaign for the presidency, saying making up with Hungary endangered Romania. He has criticised a treaty meant to normalise relations between the rivals. There are 1.7 million ethnic Hungarians in Romania. AP - Bucharest

The European Union's fight with Volkswagen and Saxony could end in a deal, the EU President, Jacques Santer, hinted in an interview with *Der Spiegel*. He urged a "return to legality" but hoped a deal could be struck to avert a legal battle. At issue are DM491m of subsidies Saxony has granted Volkswagen for two plants. Reuters - Frankfurt

Britain will allow Sri Lanka's Tamil Tiger rebels to continue political activities in London, Malcolm Rifkind, the Foreign Secretary, said. Their international propaganda headquarters are in London. Mr Rifkind said the Tigers had the right to express their political views. Colombo has so far not outlawed them, but Mr Rifkind ruled out any crackdown even if it does. Reuters - Colombo

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Every Monday in the THE INDEPENDENT section two

Keeping the Huguenot tradition alive

Every year, French Protestants gather to celebrate their faith and draw strength from their unity, reports Mary Dejevsky in St Jean du Gard

They came from all over France, from Belgium, from Germany and from Switzerland, to profess their faith under the chestnut trees of the high Cévennes, and you could hear the singing, strong and deliberate, from a mile away.

Their cars and buses were parked in neat lines in adjacent fields; everything was clearly signposted and marshalled. They carried their garden chairs and their picnic baskets with them, and settled in perfect order around a shady dell to await the start of the service.

This was the annual gathering of one of France's smaller, but fastest-growing religious minorities: the Protestants. Every year, on the first Sunday in September, these spiritual, and often physical, descendants of the Huguenots meet at the Mas Soubeyran near the town of St Jean du Gard in central southern France, for a day of contemplation, psalm-singing and Bible-reading that recharges their batteries for the year ahead.

"I think we need this assembly," said a matronly woman as

she set out her family's picnic. "I think we feel isolated for the rest of the year, and this helps us. We are a small minority, less than a million of us; fewer than the Jews, fewer than the Muslims, and this gives us confidence."

She and her family have been coming to Mas Soubeyran for years; her son-in-law was there for the first time. "I was touched," he said, "to see so many people from so many different places, all come to this small place." They themselves had come from Pau in the Pyrenees and Toulouse in southwestern France. But the registration numbers in the car parks bore witness to many longer journeys than theirs.

France's Protestants have long memories. In daily life, they wear them for the most part lightly, but they are still there. In his sermon, the head of the Protestant Federation of France, Jacques Stewart,

warned of the dangers of harbouring vengeful thoughts. But, in some of his few remarks addressed to the current political situation, he condemned the exclusion of particular groups from French society - the poor, the unemployed and immigrants, and called for tolerance.

In a passage which drew a parallel between France's current campaign against illegal immigrants and the fate of the Huguenots in the 17th century, he appealed: "Consider how you can limit or relieve suffering," and "remember what fear of other people can lead to." Each year, more than 10,000 people come to Mas Soubeyran for the annual assembly. It marks the anniversary of the revocation of Henry IV's Edict of Nantes by Louis XIV in 1685, which ended almost a century of religious tolerance in France, condemned tens of thousands to imprisonment, torture and death, and drove hundreds

of thousands into emigration. The Cévennes, and especially the area north of Nîmes, was and remains a prime Protestant stronghold, along with the Isère region around Grenoble. It was to these regions, far from the reach of Paris, and in difficult terrain, that many of the Huguenots fled. And it was here, in what is still termed the "wilderness" of the Cévennes that they held their banned services.

Today, the Protestant villages are easily identified. The signs announcing one's arrival do not read "Messe" or "Eglise", but "Culte" and "Temple" - the Protestant equivalents. And there is something different about the villages themselves: a spare sense of order and propriety, a slight severity, which sets them apart from Catholic southern France.

Something similar could be said of yesterday's gathering at Mas Soubeyran. Seen together

against the backdrop of a predominantly Catholic and at least partly Mediterranean country, the Protestants seem serious and introspective, weighed down by responsibility, and just a little dour.

The morning service began with the complete silence of 10,000 people and only the rustle of the wind in the trees. What was striking was the immediate emphasis on sin and personal repentance in a faith where the release of the confessional is not an option. The invocation to "Go in peace and sin no more" was taken as a grave and personal challenge.

Seen as a group, France's Protestants also look different: lighter haired, generally more solid and more north European than the rest of the French population. And their hymns are in the heavier Germanic style of "Now thank we all our God", not the lighter, Latin style sang by French Catholics. Asked

whether, as Protestants, they felt different from Catholics, every one I asked gave a decisive yes. "We're quite different, in our attitudes and our behaviour," an elderly woman said. "At least, we hope we are."

That unstated sense of superiority in personal and ethical values may help to explain why many French Catholics admit to finding Protestants "difficult". Increasingly, though, Protestants are also given growing admiration, being regarded as having particularly high standards of honesty and integrity. The fact that the Socialist leader, Lionel Jospin, was known to be a Protestant was regarded as an electoral plus during last year's presidential campaign, although it was not something he flaunted.

The sense of integrity is also given as one of the reasons for the appeal of Protestantism in France today. As Catholicism languishes and churches stand empty for lack of congregations and an even greater lack of priests, the Protestant church has been gaining several thousand members a year.

Whisper it: Blair may have to raise taxes



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Our front page calculation is simple and it is damning. The Government's own figures are above suspicion, the GCSE to do the addition. Public expenditure has been sustained only by massive borrowing and the application of the huge, one-off proceeds of privatisation and North Sea oil. As a party of financial probity the Conservatives have been living a lie. As a nation we have, to put it in those household terms beloved of former prime minister Thatcher, been living more and more on tick.

Much-vaunted income tax cuts (indirect taxation has, of course, been rising) have been paid for by loading up debt and selling the family silver. That debt now hangs dreadfully heavy, as an item of current expenditure for interest payments and a commitment on our children to keep on paying. These figures are history. They shape and constrain the operations of government now. The mess British public finance is in ought to be a constant reference point during the election campaign to come, for both parties. It is a mess created and concealed by the Tories, yet it is an act of concealment to which Labour is assenting. Go back to 1979 and start adding up the income of the state. First there are the proceeds of taxation, value added tax as well as income tax - we must not be fooled by that Conservative fixation on direct individual tax, aided

and abetted by its economically illiterate clique in the newspaper press. Then there were the milk floats and Sid and the resulting special supplements to government income from privatisation. Now subtract the £3,000bn of government spending since, noting (with surprise) how this has been a social policy government, in the sense that it has increased spending on health and education, but above all it has pumped billions into social security, much of that money to support increased numbers out of work.

Lo and behold, the result is a negative figure. Spending turns out to be higher than the sum of revenues. All those homilies from Lady Thatcher, all those patronising lessons from Lord Lawson... To maintain spending it has borrowed and borrowed. The indebtedness of the British state has tripled since 1979. National debt has proudly kept up with the growth in national income over the period. How many times, during the 1980s, did smug commentators and Tory Treasury ministers pool-pool suggestions that the tax revenues from the North Sea oil bonanza represented a special flow of income that should not be squandered in payments to the unemployed, their numbers swollen by the Government's own policy errors? As for privatisation, that great jewel in the crown of Conservative performance in the 1980s and 1990s, its proceeds have paid for -

what? For unemployment and cuts in higher-level income tax. The Government defends its record by pointing out that general government debt at about 54 per cent of GDP is lower than in most other countries of the European Union, though only marginally less than in France. Government spending in Britain, as a proportion of national product, is also lower than in neighbouring countries. But that is not really the point: it is how we have chosen to pay for levels of public spending. We have been living on one-off inflows and increased borrowing. And the facts of life now are that there are no more

North Sea windfalls. There are no further large-scale privatisations. Borrowing cannot go on at its present level because of the burden of interest payments on debt. There is no need even to pray in aid the criteria set down in the Maastricht Treaty for convergence among the member states of the EU prior to decisions about a single currency: on present and projected levels of deficit between income and spending, Britain fails the test. These figures are not just damning for the Tories. They would be a vice for Gordon Brown, too, were he to become Chancellor. Its jaws are unforgiving: historic

patterns of public expenditure cannot be afforded. Labour can look to no privatisation proceeds. Its European sympathies would make the Maastricht criteria even more compelling. The arithmetic allows only one conclusion - for Labour, even New Labour, cannot and will not engage in large-scale cuts in existing levels of public spending. Taxes will have to rise.

This is the modern political equivalent of the love that dare not speak its name, the latter-day version of Harold Wilson's decree of *omertà* over devaluation, the Blairite equivalent of the Wittgensteinian injunction - about that which we cannot speak, let us be silent. Tax increases are the great unmentionable, and the only way out of the public spending morass. Mr Brown and his colleagues purse their lips for a good reason. They stand to be pilloried in the press for even breathing the T-word. That claqué which so applauded Thatcherite mismanagement and hailed Lord Lawson's income tax cuts - will round on any Chancellor who proposes to put the fiscal house in order.

But Mr Brown's silence can only last so long. If he became Chancellor he would have to act. His is an ugly dilemma: to go into the polls knowing what has to be done, but afraid to tell a home truth to a British public galled by successive Treasury con artists. In such dire circumstances we might agree

that discretion is the better part. But Mr Brown had better be preparing a convincing story to tell the public when the day comes and taxes have to be raised. He could do no better than start with the figures presented today, using them in the bitter re-education of the British public. The national treasure has been squandered by a Government purporting to be the pillar of rectitude. It sustained itself by a kind of bribery. The challenge facing Labour, in office, is the politics of fiscal honesty.

Marriage of convenience

After a marriage has ended, it is always a triumph of hope over experience when one partner decides to tie the knot again. There are always people carping on the sidelines, tutting and shaking their heads and saying it won't work. But second marriages are often more lasting and satisfactory than those contracted in the first flush of youth. As with Prince Charles, so with Nelson Mandela: both are considering whether to remarry after marriages that came apart spectacularly, and in public. We wish them both good luck. Perhaps they could consider a joint ceremony: it would certainly reduce the cost to both nations if they all invited the world's heads of states to one big bash, and pooled the cost of the sherry and champagne.

LETTERS TO THE EDITOR

Licence fee is low-cost way to quality TV

Sir: I wonder if your reader who wrote so forcefully (Letters, 28 August) about abolishing the licence fee and introducing advertising on the BBC or pay-per-view TV is aware of these facts.

Everything we buy is more expensive because of the intrusive advertising on the commercial channels. In the case of Sky and ITV, the quality is inferior also. If the BBC took on advertising our television would sink to the level of programmes in the United States. Pay-per-view is expensive, as Sky has shown - its subscription sport works out at roughly £300 per annum. Perhaps your writer can afford this.

If the BBC lowered itself to intrusive and offensive advertising it would ruin programmes such as sport, which need unbroken coverage. ITV has already shown this with its "We'll be back after this short break". In fact even with the proposed licence increase, the cost of BBC TV and radio would be only about 27p per day.

NICHOLAS COX
Redhill, Surrey

Sir: Polly Toynbee (27 August) makes three errors in assuming that I advocate subscription funding replacing the licence fee simply in order to benefit Sky.

First, I have been arguing the subscription case for 14 years, long before I joined Sky. It is the most efficient, most honest and most flexible way of financing the BBC as a public service broadcaster, especially in the multi-channel age. Far from shedding "crocodile tears" over jailing licence evaders, I believe such actions to be unnecessary and deeply damaging to the BBC.

Second, it is not obvious why it is in Sky's interest for the BBC to act more commercially in pricing and selling its services. Indeed, a BBC freed from the constraints and odium of the licence fee might well provide the competitor to Sky for which your newspaper has so often called.

Third, Sky's chief executive has supported an immediate increase in the licence fee if the BBC was having trouble making ends meet on its £2bn a year income.

The spread of digital television will eventually make a compulsory licence fee anomalous. The BBC should embrace that prospect and prepare now for the post-licence fee future.

DAVID ELSTEIN
Head of Programming
British Sky Broadcasting
Ipswich, Middlesex

Child care needed at school age too

Sir: As the issue of child care for (would-be) working mothers again comes to prominence (Leading article, 29 August), the debate again fails even to touch on the problems of the majority of parents - those whose children are of school age.

Our experience was that finding a full-time nursery school place for our pre-school son was no problem as long as we could find £100 per week (almost the whole of my wife's salary initially, but a practical solution none the less).

What is virtually impossible is to find a school which offers pre-school and after-school arrangements that are compatible with both parents working full



time, even where both employers are prepared to be very flexible. After much searching, the only schools we found which offered this provision were fee-paying: the experience of friends around the country confirms that this situation is widespread if not universal. An even greater problem is school holidays - in particular (for those able to use state schools) "Baker Days".

If we, as a professional two-parent family, find school-age child care a big practical and financial problem, then it is not surprising that most single parents view finding employment which will allow them to live from their own efforts rather than on state support as a practical impossibility.

DAVID WRIGHT
Southampton

Sir: The underlying assumption behind the latest child care initiative (Leading article, 29 August) is that mothers of pre-school children want to work, or work longer hours, and that to do this they want child care to be available and affordable.

Dr Catherine Hakim earlier this year suggested that many women made their families their priority, and that their approach was that work should be fitted around their families rather than the other way about.

Your coverage considers women and their supposed aspirations in some detail. Their children apparently are obstacles. We appreciate that many mothers work from economic necessity, and would like to see their circumstances improved so that a real choice becomes possible. We would like to see a strategy

for child care which included some recognition of the needs of parents in the home. The tax system favours two-income families. As your editorial suggests, a "rigorous review" of the tax and benefit system would be of great help.

FRANCES SAVIN
Chairman, Full Time Mothers,
Ingateshale, Essex

Stop sneering at Labour changes

Sir: Austin Mitchell may feel he is enjoying a harmless joke in the privacy of the columns of the *New Statesman* by sneering at the changes in the Labour Party ("Blair is a dictator, Labour MP says", 29 August). But those who desperately want rid of this squalid government won't be laughing.

The Labour Party has offered a number of key pledges to improve the health service, create employment and provide a minimum wage, which would enhance the quality of life for millions. Under Tony Blair's leadership, the likelihood of achieving such change is greater than at any time in the past two decades. I, like many others in front-line marginal constituencies, will be fighting hard to make that change a reality. Trying to operate under verbal sniper-fire from the likes of Austin Mitchell only makes that job more difficult. Quit the heckling Austin, and get stuck in.

CHRIS POND
Gravesend Labour Party,
Gravesend, Kent

Shipyard never said 'unsinkable'

Sir: In regard to Geoffrey Hodgson's article on the Titanic ("Graves, the new destination", 31 August), it is worth noting that the claim that the Titanic was unsinkable came not from Harland and Wolff in Belfast (the designer and builder) or the White Star Line (the owner), but from the press of the day. The ship was described as "practically unsinkable" in a newspaper article.

It was, however, well known in Harland that if a certain number of the hullheads were breached, the ship would go down.

The lack of lifeboats was due to standard safety practice of the time, not because anyone thought the ship could not sink. The number of lifeboats reflected the number of first- and second-class passengers the ship could carry. Most who went down with the Titanic were steerage.

JOHN KELLY
Gornacally,
Co Fermanagh

Energy threat of air-conditioning

Sir: Doubtless, David Porter (Letters, 27 August) would argue that he is merely seeking to be humorous when he makes his fervent plea to the members of the various Electricity Consumers' Committees to put air-conditioning into all their premises.

But it is precisely the increasing use of air-conditioning in offices which helps to make the sector the fastest-growing energy-using part of the economy - faster even than motor vehicles. Writing as he does on behalf of the Association of Electricity Producers, it is in Mr Porter's members' interests to encourage as much fuel to be burnt as possible.

Thereby hangs part of the dilemma all governments face when trying to address the threat of climate change by reducing energy consumption.

ANDREW WARREN
Association for the Conservation of Energy,
London N1

Bormann proof

Sir: In a letter to the *Times* of 22 August, I wrote that the author of *OpJB* (the account of how Martin Bormann was brought to England at the war's end), as well as myself and others, were prepared to finance a reward of £20,000 to anyone who could produce authentic factual evidence that Bormann was not brought to this country as described in that book.

Since Donald Cameron Watt in his book review of *OpJB*, ("The spy who went after the gold", 31 August) claims that the book is a work of "unbelievable, unforgivable" fiction, when will he be presenting the "actual, factual evidence" to justify his receiving that reward?

MILTON SHULMAN
London SW7

How airships let me down

Sir: Christian Wolmar's article (28 August) about airships "comeback" brought back sad memories of my only foray into shareholding, with Airship Industries in the mid-1980s.

I still have a file of cuttings and annual reports with the same sort of optimistic pronouncements being made by the Zeppelin company now. Airship Industries did run tourist flights over London, several Australian cities and San Francisco. In 1988 the shareholders were told they had a contract with the US Navy to supply airships for surveillance, and Korea bought one for the Olympics.

I thought my 1,500 shares - 1,000 of which were bought for me at 6p by an American friend who was a blimp fanatic, and the other 500 I bought myself later at 23p, having become infected with the blimp bug - were going to make me rich.

I then went abroad for a couple of years and returned in late 1991 to find that airships had disappeared from the scene. I don't think I'll be rushing to buy Zeppelin shares.

LIZ MOLONEY
London SW76

Baleful error

Sir: I liked your photo of Stonehenge and hales (20 August), but do you have to insult farmers by not knowing the difference between hay and straw bales?

JENNY DEW
Harborough Magna,
Warwickshire

Protesters knew Augustus well

Sir: David Sweetman ends his review of the new edition of Michael Holroyd's biography of Augustus John ("Avant-garde sex life of an old-fashioned artist", 31 August) with the statement that when he joined the Committee of 100 sit-down in Trafalgar Square in September 1961, "his era was by then so long gone that no one amongst the young demonstrators had any idea who he was".

What nonsense! Neither was he so old nor were we so young that we didn't know perfectly well that one of the greatest living artists had joined us in the campaign against nuclear weapons.

NICHOLAS WALTER
London N1

Breast-feeding is safer than bottle

Sir: Whilst applauding the idea of your newspaper's forthcoming "Guide to a Healthy Pregnancy", I was somewhat taken aback by the photograph featured in your advert showing a baby being bottle-fed (31 August). I can only assume that your guide will include a detailed discussion of and warnings about the dangers of bottle-feeding.

It is scientifically established that breast-feeding reduces the incidence of infectious diseases, allergies and Sudden Infant Death Syndrome. Advice from government health departments (and indeed the Health Education Authority, which I note supports your guide), is that breast milk should be the sole source of nutrition for the first four months of life.

LOUISE SILVERTON
Director of Education and Practice Development,
Royal College of Midwives,
London W1

Globe dilemma

Sir: I was pleased to see that John Walsh had undergone the Big "O" experience in Southwark ("What's this? Punch and Judy at the Globe?", 29 August). I shared much of the excitement he mentioned, propped up by my elbows at the right corner of the stage.

But the scene with Anastasia Hill, with her hands tied behind her back, being hauled towards my corner by the robbers, so that she was barely ten inches from my face, posed a real dilemma for me. As a gentleman of the second Elizabethan age I felt it my duty to assist her, at least by restoring her shoulder strap and white petticoat.

But as a coarse groundling of the first Elizabethan age I would have surely been more inclined to ogle her in her distress and let the villains have their way. I "learned my lines" and let the action take its lip-smacking course.

WIKTOR MOSCZYNSKI
London W5

analysis

The trouble with conviction

Britain's cows get BSE. Hundreds of prisoners get premature release. Why do such great mistakes keep being made? Christopher Foster argues that changes initiated by Margaret Thatcher have undermined effective government

Is it a figment of the imagination, or are there more government misdeeds than there used to be? Why was the BSE crisis so badly handled, at vast expense to the taxpayer and to all those supplying beef? Why are there repeated difficulties in the relationships between the Home Secretary and the Prison Service? Why have the judges so often decided that Mr Howard has exceeded his powers? Even a matter as important as Drumcree is coloured by the suspicion that it was not well handled, and that the fault lay somewhere between ministers and the Northern Ireland police authorities.

One explanation that is often heard for these difficulties is that the Government has been too long in office and that, as a result, some ministers are simply too tired. If that is true, new ministers before or after an election might bring about a solution. Another is that declining government competence reflects Britain's decline in authority and world influence. With the passing of Empire, we have lost our long-standing ability to govern well. If it is true, there would seem to be no cure.

Both factors have had some effect, but less visible and more practical factors have gradually and cumulatively altered the operations of government profoundly. High among them has been the replacement of consensus by conviction politics since 1979.

Margaret Thatcher came to power with firmly held convictions, among them to replace Keynesian with monetarist economic policies and to weaken the power of the unions. Given a widespread belief that Britain was in crisis, she believed that she had a mandate to do whatever was necessary. Although they were not unreasonable at the time, changes that were made then have persisted long past the emergency that justified them, and have had unintended consequences which are responsible for many of the stresses and weaknesses of government today.

The first changes were to the Cabinet and Cabinet committees. Before 1979, the Cabinet decided government policy on the basis of papers put to it by the departmental ministers responsible. Normally, a policy had been discussed and approved previously in a Cabinet committee of those ministers with an interest in it. Moreover, because approval of the whole Cabinet had to be sought, a departmental minister would have been wise to try



The decline in collective responsibility leads to open disagreements: Michael Heseltine leaves the Ministry of Defence after resigning from the Cabinet in January 1986

to persuade any other Cabinet minister who had a personal interest in the policy. While, with such precautions, most policies got through Cabinet after brief discussion, others did not: contentious policies could be altered or even abandoned as a result of open debate.

When Mrs Thatcher found she was facing strong opposition on many of her policies, not only from the parliamentary opposition but from within her own Cabinet, she changed the system. Cabinet papers on policy issues were no longer circulated before its meetings, which, in any case, were fewer and shorter. Those that were still held became mostly business meetings, at which ministers reported verbally on the

progress they were, or were not, making. Real discussion was rare, and effective disagreement increasingly became impossible.

Even these profound, but generally unnoticed, changes did not, however, remove all the obstacles to conviction politics. Mrs Thatcher sometimes found her policies opposed by ministers with a right to attend particular Cabinet committees. So Cabinet committees were replaced by ad hoc meetings of ministers chosen as the ones most likely to get the outcome she wanted. While excellent for getting otherwise contentious policies through, this procedure had a drawback that became noticeable over time.

Government policy became less easily co-ordinated, which was not helped by the dismantling of most Civil Service Cabinet committees underpinning the ministerial ones. While Margaret Thatcher remained Prime Minister, her energy and relent-

Civil Service to some of the measures she proposed. Not unreasonably, this led to a greater readiness to override Civil Service advice, though she respected individual civil servants; but it gradually went much further than this, espe-

cially after 1992. Once the immediate needs of conviction politics were served, the change of attitude persisted. Although the old Thatcherite convictions, once on the statute-book, were not replaced by many as firmly held, ministers look more power to themselves. They turned more to political advisers, to lobbyists and to outside sympathisers.

Many White and Green Papers have been for media consumption rather than reasoned debate

less eye for detail co-ordinated policy, but it was a highly personal achievement.

More serious was a decline in collective Cabinet responsibility, leading to some ministers' feeling less commitment to policies in which they had not had a part. Hence the development of fairly open disagreements, the most public of which was the argument between Michael Heseltine and Leon Brittan over Westland Helicopters. Such disagreements still lead to different ministers being quoted as backing different policies - recently, for example, on education and welfare payments, not to mention Europe. Moreover, policies and laws could sometimes have been improved by the contribution of those excluded ministers and their departments.

Margaret Thatcher also, rightly, believed that there would be opposition from among the

While the relationships often remain close, they are still different. The Civil Service in some departments used to work in partnership with ministers, privy to all the decisions taken by them - except for the most political, such as choosing the date of the next general election. Instead, civil servants have sometimes found themselves in the position of implementing policies and other decisions that ministers had worked out for themselves with their external advisers. Because of the new relationship they have with

ministers, civil servants frequently find it harder to challenge what ministers put to them and to argue for what they feel are practical improvements or more realistic alternatives - nor are they able to spend enough time early on going through the evidence to avert a calamity such as BSE. Given ministerial preoccupation with the media, civil servants, too, have been drawn more into issues of presentation, rather than weighing evidence and analysing the consequences of possible courses of action. As ministers have frequently failed to work out their policies in enough detail to be easily capable of practical implementation, one consequence has been poorer-quality White Papers and Bills, with many amendments, often late, and frequently needing subsequent modification.

Legislation has also been affected by another consequence of conviction politics. Before 1979, the usual practice had been to seek consensus and practical help for proposed legislation by consulting widely with interested parties. Often the first stage would be a short White or Green Paper in which a minister would set out a problem he or she thought needed solving, followed by preferred (and possibly other) solutions with their various pros and cons. While rarely consulting widely enough, and generally giving more weight to produc-

ers than consumers, ministers and civil servants would set out to canvass the views of all concerned. Of course, ministers would not accept all views put to them, but wise ones tried to get as much consensus as was consistent with their fundamental beliefs. They tried particularly to confront the practical difficulties raised, so improving the quality and public acceptability of legislation.

Another advantage of a rigorous process of consultation was that ministers had to try to persuade those who disagreed with them, face to face, and answer objections raised. Conviction politics often seem to make such consultation unnecessary. While understandable, when the Government was sure of exactly what it wanted to do, it lasted into a time when there was no such sureness of purpose. Can one be surprised that some laws have not lasted, and have had to be replaced - that, for example, we have had so many Criminal Justice Acts? Or that so many White and Green Papers have been for media consumption rather than reasoned debate?

Another consequence of the decline of consultation has been its replacement by an American-style lobby system that scarcely existed before 1979. Working on ministers through MPs, rather than through civil servants, this has meant ministers have been subject to most pressure and influence from lob-

bies that have had the resources and political connections to be effective, rather than being guided by an old-style, perhaps limited, but more even-handed consultation process. A further consequence has been the growth of the complex relations between MPs and lobbies that led to the Nolan Commission.

A particular problem in relations between ministers and the Civil Service has developed through the setting up of executive agencies. In some cases, their heads have reported directly at first to ministers, unsupported by Civil Service advice. That was generally found to be undesirable. Various models have been tried since, but it is not clear how successful they have been. The recent events in the Prison Service show how difficult it is to get ministers, their civil servants and their agencies working well together with a clear division of responsibilities. Moreover, at the start, insufficient thought was given to how to make these agencies accountable to ministers and Parliament, especially when, as with the Prison Service, their business is of great public and political interest. One interim arrangement after another has been attempted, but to judge by recent events, none has succeeded. While executive agencies dealing with more routine matters have usually done well, the right place for the Prison Service may well be back in the Home Office under traditional Civil Service supervision, firmly within the Whitehall system.

Nor are these the only significant changes. If there were to be a change of government, those very few in it who remember government as it once was will find much else changed. Individual ministers vary greatly in their work habits, but if new ministers follow the current norm, they will spend more time meeting lobby-inspired deputations, making speeches to all kinds of bodies, and on relations with the media generally. This will mean less time in their departments occupied in the traditional ministerial tasks of reviewing evidence before taking decisions, scrutinising drafts of White Papers and Bills, and consulting with others in a systematic way. They will find a Civil Service that is unaccustomed to giving them the assistance that they once received in order to find their ideas and make them practical, but one that is willing to return to past practice. While some ministers remain able to work well in such circumstances, elsewhere the stresses and strains show.

Many of these changes, which have taken place in the past 17 years, should not be reversed. Most executive agencies - as is also the case for internal markets, privatisation and independent regulation - are here to stay. But the Cabinet system, the co-ordinating machinery below it, and working relations between ministers can - and should be - brought back to what they once were.

Sir Christopher Foster's book *'The State under Stress'* (Open University Press, £16.99) written with FJ Plowden, is published today. In it, the authors suggest various remedies for the problems raised above.

HOLD THE FRONT PAGE!



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Issued by the NEWSPRINT & NEWSPAPER INDUSTRY ENVIRONMENTAL ACTION GROUP

Now the festival's over, the wild times begin

A night or two ago I was parking a car at 2am in Melville Street, which is a large Georgian street in Edinburgh's West End, and as I got out of the car I realised I was not alone. Standing in the middle of the otherwise empty wide street, not 200 yards from Princes Street, was a large fox. He looked at me. I looked at him. He realised that I did not look either particularly dangerous or good to eat, and went on investigating the flying bags of rubbish before disappearing into a basement area.

It was a sign, I think, a sign that the festival was coming to a close, and that the residents of Edinburgh were reclaiming their city. Maybe the fox had been out of Edinburgh during the festival, and had let his foxhole to some tourist foxes at an exorbitant rate. But now it was time to come back. The end of the festival is like the end of summer and the start of autumn - all the signs are

there, as the Fringe posters turn brown and flutter to the ground, and the critics and performers prepare to flock south for the winter.

The football season is already so advanced in Scotland that every professional footballer in the country has already been interviewed at least once by the papers - although none of them has said anything of interest except Gilles Rousset, Hearts' French goalkeeper, who intriguingly confessed that he never went to French restaurants in Edinburgh, only to Italian ones, thus further confirming my wife's feeling that Italian cooking is ousting French cuisine in quality and appeal.

Anyway, I am going to try to avoid football this season and find a new, alternative amusement. And if I do, I don't think it will be stand-up comedy. Exposure to the Edinburgh Fringe has more or less cured me of that. The accepted wisdom is that stand-up comedy



Miles Kington

is beginning to recede, but I am not sure that this is true. The reason there is so much stand-up comedy on the Fringe is not just that people like it but that it is cheap to put on, at least compared with revue or drama. One man, one mike, no set, one script and there you are.

What is encouraging is that this year there were shows emerging that were neither stand-up, nor sketch comedy, nor even drama, but somewhere in the middle. The two best shows I saw in Edinburgh this year (*Let the Donkey Go* and *Fantastic Voyage*) were

both terrifically funny but they were both terrific pieces of theatre, which is something that stand-up comedy never is.

Let the Donkey Go was a wonderful three-man show, threaded (like a Marx Brothers film) on a loopy spy story but whose funniest moments - a hiscuit endurance act, a national anthem episode, a torture scene - were barely relevant to the plot.

Fantastic Voyage was reviewed by everyone as if it were a homage to old-fashioned film special effects, but this two-man show by Gavin Robertson and Andy Taylor was an extraordinary display of mime and comic skills which made the audience work hard and was twice as good for it.

Anyway, now Edinburgh is back to normal, with merely horrendous traffic and parking problems, instead of impossible ones, and no sign of the festival left behind. Or is there?

There was a time when

people still did spontaneous things on the Fringe, and the comedian Arthur Smith used to do conducted historical tours of Edinburgh starting at 2am. I came across him once in the wee small hours pointing through the windows of some big building and telling his entourage that this was Holyrood Palace, where Mary Queen of Scots lived with her paramour, Kenny Dalglish. uproarious laughter. Well, it was 2am.

But one year he ended up challenging his followers to see how many of them could get on top of a bus shelter. I don't know how many made it, but I do know that the shelter collapsed.

I also know that this year Edinburgh bus shelters bore a notice saying: "Beware - the top of this bus shelter has been treated with anti-climb paint!"

Remember that, the next time someone tells you the Fringe has no lasting effect on Edinburgh.

When she needed Shelter, you were there

Britain's first single-issue pressure group found Cathy a home in the Sixties, but the fire may be going out now

The founding 30 years ago of the first modern charity, Shelter, will be celebrated this week. Of campaigning Shelter as we have come to know them, appalled at the human suffering in Britain's housing slums, a number of churchmen and chose a brilliant New Zealander, Des Wilson, to devise it and carry it out. Shelter still calls itself The National Campaign For Homeless People. Looking back, it can be seen that this was one of the most important creations of the innovative Sixties pressure groups, which have become a fifth estate, alongside the press (the fourth estate) as a counterweight to the power of government.

Des Wilson was 25 years old when he wrote a report for the church housing trusts urging that the campaign should aim to convince people that the housing situation "was out of control", that Shelter would be a "rescue operation" in a national emergency and that the homeless were innocent victims. The campaign thus had resonance; it also had focus. The aim was to raise funds for housing trusts operating in four black spots - Glasgow, Liverpool, Birmingham and London. It had an evocative name, Shelter. And a few days before its launch it had a great piece of luck: Jeremy Sandford's powerful documentary-drama about a homeless family, *Cathy Come Home*, was shown on television. As a result, the opening campaign - in which a charity for the first time used national newspaper advertising, generated editorial coverage by lobbying editors and journalists, and directly mailed bodies likely to be supportive - was an astounding success.

In the next five years, Mr Wilson went on to pioneer the lobbying techniques that pressure groups have used ever since. He was an expert in the use of shock tactics. Shelter took a stand at the Ideal Home Exhibition and showed the exact opposite of what the show promoted - a one-room home occupied by a family of six. Shelter produced shock reports - *Back to School from a Holiday in the Slums*, *Notice to Quit* - shock photography for its posters, and a shock advertising line: "Chris? You can stuff it for all we care". The Shelter press office reacted with lightning speed to political developments and learnt to write, duplicate and distribute a press release around Fleet Street within an hour. This is the same rebuttal

there were scarcely any youngsters sleeping rough; now there are more than 200,000 young men and women without a proper home and instead squatting, using emergency hostels or constantly moving from friend to friend. Institutions that once provided a refuge for vulnerable people have been closed down. The so-called policy of "Care in the Community" has put many people on to the street. At the same time, repossessions of property whose owners can no longer service their mortgages are running at a steady 50,000 a year.

Shelter, too, has changed. It no longer needs to raise money for housing trusts. That gap was filled by the Government 20 years ago. It has replaced this activity with the provision of information, advice and advocacy through a national network of 48 housing aid centres. Shelter tells homeless people about their rights and options. It provides a telephone service that can quickly organise a bed for someone in a hostel for the night, it advises on mortgage repayment packages to prevent repossession, it represents people in the county court. At the same time, charities such as Shelter have become much more professional in terms of research, policy formulation and



ANDREAS WHITTAM SMITH

technique that the political parties are getting ready to use flat out, for the first time, in the forthcoming general election.

The housing problems of the mid-Nineties are no less acute than they were in the mid-Sixties, but their character has changed. No longer is street after street of housing officially described as unfit for human habitation, still in use. The physical condition of housing at every level has greatly improved. Moreover, local authorities have stopped splitting up homeless families; in the Sixties the Poor Law attitudes of the 19th century still lingered on.

But living conditions on housing estates today are grim in different ways. There are better amenities inside the home, but less personal security outside it. In the Sixties

Where do all the New Men go?

Polly Toynbee replies to Jack O'Sullivan's claims that his generation are gentle, thoughtful, considerate, in touch with their emotions, determined to be good fathers, and even taking therapy so that they become less hopelessly dependent on women

Dear Jack,

Your article on Friday was touchingly optimistic. You stake a fine claim to being a New Man, a man behaving well. But if you claim to speak for most of the men of your 35-year-old generation - I cast a weary jaundiced old eye. I deeply doubt it.

There are a lot of New Men, and indeed New Women, at your stage of life. I have seen them come - and go. Well, let's see what happens 10 years from now when you have two or three children. It's easy being New without kids.

Yes, the old gender stereotypes are fading fast. Mercifully, we are less constricted by antiquated ideas of what it is to be male or female. Boys do cry. Girls sometimes hit them. You claim emotionally autistic men are awaking from their long sensory deprivation. They no longer need women as their emotional crutches or their voices, though they may still like them very much. New Men have real bonding friendships. Very nice.

You stand on the brink of fatherhood and I understand why you rebel at the traditional role. It lacks glamour. Most of literature and autobiography casts the father as a distant figure, aloof, remote, disapproving and incapable of reaching out to his family. Traditional images of fatherhood are exceedingly unpleasant - from God the Father downwards. They imply authority, discipline and self-importance. The new climate of

moral panic tells us that the modern world is falling apart without fathers in the home to keep everyone in line: "Wait till your father gets home!"

Motherhood, on the other hand, has everything good, including apple pie, warmth, generosity, care, loving, cooking, kindness, sticking plasters, emollient - it's got it all. What is there left over for fathers, except the bits no one wants? Now women may complain about nappies, vomit and lavatory-cleaning - but few women would swap roles.

Most mothers say they want equality. They want careers, they want to use their intelligence in the wider world. But

they spent their time. (I would imagine that where both partners work, men are far more likely to try to do their share in the home.) These men do 12.69 hours a week of household work, compared with women's 25.33 hours, plus another seven hours extra of other essential duties. *Social Trends* tells the same story. The pace of change is slow. A survey of all families by City University shows that only 1 per cent of men undertake household chores on a permanent basis. Women still do most of the child care. Maybe those New Men whose fathers were out on the golf course are instead in therapy or out bonding in the woods with Iron John?

Children need good parents - but not specifically men. Charlie Lewis, of Lancaster University, has been reviewing over a hundred of the latest fatherhood studies on both sides of the Atlantic. He says: "The overwhelming evidence now is that fathers have very little measurable effect on families. US families without fathers, once poverty is taken into account, show no developmental differences. There is no magical effect on children's cognitive development nor on their identification with sex roles." There is, he says, evidence that children need more than one stable loving adult figure in their lives, but who that is, or of what sex, makes no difference. (So, farewell, Freud.)



PIRSTLEY

"The evidence is that fathers have very little measurable effect on families"

then, most will admit that the thought of their children turning first to fathers for comfort frightens them. They want men to do their share, but deep down they do not want to lose their Queen Bee role. They want it all (but rarely get it). So it is hardly surprising that young men like you, surveying the future of your new family, should want a slice of mother's apple pie.

However, at present, the idea of men usurping women's domestic hegemony is comic. Let's get real. Take the Henley Centre's "Time Use Survey". They took full-time working men and full-time working women and compared the way

So, domestically, what are men for? As you rightly point out, women are increasingly wondering about this themselves, answering "Nothing" and ejecting the drones from their homes. Does she need a man around unless he contributes significantly to the easy running of the household, the napping of children or to her own happiness? Men have to earn their role as fathers these days. They have to prove their worth in families and where they fail to do so, things may fall apart.

The growing academic literature on fatherhood increasingly questions whether fatherhood exists as a real role at all.

What women with children do need is a meal-ticket. In the old days that's what fathers were for - and it still is. For all the male angst about the growth of jobs for women, the overwhelming majority of mothers still cannot support themselves and their families. They may add to family income with part-time jobs, but men are still the breadwinners. (Only some 13 per cent of households have women earning more than their husbands.) Despite the *Having-It-All* triumphalism of up-market women's magazines, surprisingly few women manage well-paid, full-time work and children. One study of middle managers found that most of the men had children, but only 16 per cent of the women. Women still have to choose.

Now, young and newly married, maybe you, Jack, and your partner think you will both advance equally in your careers - but the odds are strongly stacked against. Fast-track jobs are almost impossible to combine with caring for families, for men or women.

You are quite right to point out how attitudes in your generation are changing. But an attitude washes few dishes. Gender chic does change with the times - but the old, hard economic facts remain.

I shall believe in New Men come the gender revolution when men are out on the streets turning all this into a genuine political issue. When men demand to work sensible hours so they can care for their children, when interesting, high-flying jobs can be done within hours that mothers and fathers can both manage, then mothers will finally give up their domestic crown and men will indeed be born again. But will I live to see the day?

Polly

THE CENTRAL FACTS FROM THE COURSES YOU ALWAYS MEANT TO TAKE, IN 25 LECTURES

What do you know? More to the point, how do you know what you know?

Bertrand Russell famously asked in *The Problems of Philosophy*: "Is there any knowledge in the world so certain that no one can doubt it?"

Descartes thought he'd got the answer when he deduced from the fact that he was doubting that he must therefore be thinking, and that if he was thinking then he must exist. And so, *Cogito ergo sum* - I think, therefore I am - the words that cast Western philosophy into a mode from which it did not recover for more than 300 years.

The *Cogito* sounds plausible, but it smells fishy. Wittgenstein thought that it started in the wrong place. After all, if, like Descartes, I am thinking about my capacity for systematic doubt, then this thinking must be going on in a language; and the notion of a private language doesn't make any sense. This argument pulls the rug from under the concept of Cartesian privacy and shows that subjective things are not the most certain.

Besides, asked Wittgenstein, must I be thinking about my existence in order to demonstrate to myself my existence - or will any old thought do as well? It sounds

odd to say, "I think it's raining, therefore I exist." It is surely bizarre to deduce one's existence from one's thoughts - as if I should deduce that I am thirsty because I find myself drinking a pint.


Every answer imaginable has been offered to the question of how we know what we know.

Is knowledge the result of sense impressions? But what of when our senses deceive us? It is possible that we are dreaming. You may be dreaming that you are reading this article right now. The whole world might be a dream. Everything could be different from the way we see it. What if all the world were only an illusion?

But hang on a minute. If everything is an illusion, where do we get the idea of "illusion"? To claim that everything is illusory is like saying that all money is counterfeit.

The concept of what is illusory requires for its meaning the concept that some things are genuine. So far, so good. But which bits of what we perceive are real and which are not still anybody's guess - isn't it?

Surely we know the truths of arithmetic? But these have been held to be trivial - which is not much comfort to the youngster struggling with his

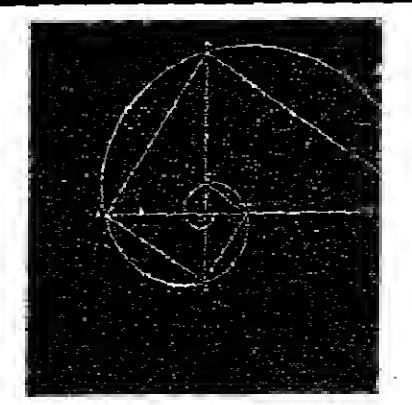


WEEK 5 DAY 1

Epistemology

VISITING LECTURER: Peter Mullen

A final examination will be set at the end of term. All graduates will be awarded a diploma and the 10 best results will receive a year's subscription to The Independent



times tables. They are trivial in the sense that what goes on the right side of the "=" sign is only an alternative way of describing what goes on the left side.

Thus, arithmetic is only, as philosophers say in their jargon, "analytic" - true by means of the meaning of arithmetical expressions, themselves. So we cannot get new knowledge from our use of words and symbols. To say that a bachelor is an unmarried man is only to put what we know already into different words.

There is another interesting thing about the problem of epistemology. It is hung about with a sort of buggeration factor, and this is because of the nature of language itself. If you say something - anything - the form of language makes it immediately possible that you can be contradicted.

Language is binary. That is to say, as soon as you declare: "It is!", you invite the response: "No, it isn't!" This helps to explain why it is that for every idealist, there is a materialist; for every naturalist, an intuitionist; and so on down all the gloomy corridors of binary bind. (But see Hegel, who makes a virtue out of this.)

It is like the *Moby Dick* "room for an argument" sketch, where someone says:

"Argument isn't just the automatic gainsaying of what the other person has said."

"Yes it is!"

"No it isn't!"


You can mug up on these interesting possibilities by reading Chomsky on the binary nature of language, and the educational psychologists' notion that everyone is born with "a primitive sense of the number two".

There are fascinating teleological speculations on this point. That our epistemology is bedevilled by the binary nature of our speech is only what we should expect for one of the ancient titles of the devil is "Binarus", and if you look at the opening of the Book of Genesis you will see that God called everything that he had made "good" except for what he made on the second day. If the truth may be defined as *p*, then certainly the lie is *not-p*, the alternative. And another of the devil's titles is Father of Lies.

These sorts of serendipitous discoveries are grist to the mill of those cultural anthropologists who say that all our philosophising is only an explicit and over-literal way of talking about what was known to our ancient and primitive forebears intuitively - or should that be naturally?

Tomorrow: Metaphysics

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هكذا من الأصل

Footsie tipped to shrug off Wall Street jitters and break new ground

Five Footsie companies report this week, heralding the end of the stock market's more leisurely summer season.

Mind you, for shares it has not been the poor holiday time many expected. Although exuberance faded towards the end of last week Footsie powered to a peak and the second-line index managed a remarkable 20-day winning streak.

Trading volumes, as befits the period when many players are away from their screens, were often woefully thin. But there is no doubt the market suddenly acquired a touch of confidence, managing to perform the difficult trick of ignoring uncomfortable developments and dwelling on the more favourable aspects of life.

Will the August advance continue, or has the market had its final fling before subsiding anxiously in the increasingly ominous shadow of the election?

Company results and divi-

dends in the autumn reporting season are generally expected to be good. And there is growing evidence the nation is moving into a more prosperous period.

But such developments will not in themselves do much for shares. Interest rates and New York loom higher on the influence scale.

The latest Ken and Eddie show occurs on Wednesday. Although the market expects the Chancellor to reduce base rates, possibly to 5 per cent before next year's election, the general consensus is that he will leave them unchanged this time round.

New York no longer has the power over London it once enjoyed. But it is the world's biggest market and naturally when it reacts the rest sit up and take notice. As one dealer, reported in the daily newsletter from stockbroker Killik & Co, observed: "Of all major markets the UK market provides the best combination

of values but it can't withstand a sustained US decline." America is currently besotted by interest rates. US investors have passed the stage when they can expect reductions — they are fretting about an increase that will come sooner or later.

Dearer US money will make the Chancellor's task to get rates down ahead of the election much more difficult. But Mr Clarke has been helped by the German rate cut and there is talk of more Bundesbank reductions.

New York's performance this week could be volatile ahead of Friday's payroll figures. They have in recent months established a maverick reputation, coming in well astray from forecasts and prompting a violent Wall Street reaction with the predictable impact in London and elsewhere.

Despite the uncertainties some are willing to put their

STOCK MARKET WEEK

DEREK PAIN

Stock market reporter of the year

heads on the block and forecast Footsie still has further to go. Merrill Lynch, the US-owned investment house, is one. It is looking for the index to test the

ARIO WIGGINS APL.

4,100-point barrier, although it is holding its year-end target at 3,900.

Arjo Wiggins Appleton, the packaging and paper group, is likely to be the Cinderella of this week's Footsie heavy-weights reporting figures.

Paper groups around the world have struggled. But AWA has some spectacular difficulties of its own. It has issued two sum-

of its own. It has issued two successive interim profit warnings, the second last month. So the market is well prepared for another disappointment. An interim figure of £35m, against £135m is the guess.

Chairman Cob Stenham has indicated that things are improving, prompting hopes of a £125m for the year. Two

years ago the Anglo-French
returned £217.1m.

Burmah Castrol, reporting interim figures today, is likely to achieve modest progress around £127m against £117.1m. And Blue Circle Industries, the country's largest cement group, should tomorrow manage six-month results of £117m against £104.1m.

Cadbury Schweppes, half time figures on Wednesday, has caused some uncertainty by pulling out of its UK soft drinks operation with Coca-Cola. It is developing in so-

Cola. It is developing in
drinks elsewhere, particularly
in the US through Dr. Pepper.
Profits are forecast to emerge
at £228m, up from £206m.

Royal & Sun Alliance, the recently merged insurance group, rounds off the Footsie contribution. Interim results Thursday should not continue the run - with operations

any surprises - with operating profit down around 30 per cent to £340m.

sie last month to accommodate the Thorn EMI split, is another offering profit figures. Interim results are due on Thursday and the industrial materials group should achieve a small advance, say 5 per cent to £85.5m.

Its Footsie removal followed a sad share run with the price crashing from 327p in April to 256.5p last week. There are hopes the worst is over. Bruce

MacDonald and David Allchurch at NatWest Securities say: "Given the market expects flat earnings and poor cash flow, much will depend upon the outlook statement. Essentially the shares will only recover lost ground if management convinces investors that the weakness is a short-term correction and long-term growth prospects remain intact."

They do not, however, believe Cookson will offer evidence happier days lie ahead and reckon the shares are a **Hillsdown Holdings**, 1

food group, has not enjoyed the best of luck with its acquisition of Hobsons, the canning group which promised so much and failed to deliver.

Over the years the group has strayed into furniture and housebuilding, two areas which should increase contribution as the economy picks up. The various food interests are thought to have experienced mixed fortunes with the meat side a BSE victim. Interim profits on Thursday may be down, say £52.5m from £57.6m.

Two other food groups reported interim results this week – Iceland, the frozen food supermarket chain, and Nunn's and Peacock, the cash and carry group. Both are likely to suffer profits dips, Iceland to £33.6m to £30m and Nunn's with its corner shop customers disappearing in the face of the supermarkets expansion, from £7.8m to £6.5m. But takeovers and worries should encourage higher dividend payments.

23 Stock Price Div. Yld. % PE Ratio

Alcoholic Beverages

| | | | | | |
|------|-----------|----|------|------|-------|
| 0000 | Alco Dist | 40 | 1.00 | 4.00 | 10.00 |
| 0001 | Budweiser | 40 | 1.00 | 4.00 | 10.00 |
| 0002 | Corona | 40 | 1.00 | 4.00 | 10.00 |
| 0003 | Heineken | 40 | 1.00 | 4.00 | 10.00 |
| 0004 | Miller | 40 | 1.00 | 4.00 | 10.00 |
| 0005 | Pabst | 40 | 1.00 | 4.00 | 10.00 |
| 0006 | Sam Adams | 40 | 1.00 | 4.00 | 10.00 |
| 0007 | Stout | 40 | 1.00 | 4.00 | 10.00 |
| 0008 | Townsend | 40 | 1.00 | 4.00 | 10.00 |
| 0009 | Wolcott | 40 | 1.00 | 4.00 | 10.00 |
| 0010 | Wolcott | 40 | 1.00 | 4.00 | 10.00 |

Banks, Merchant

| | | | | | |
|------|-----------------|----|------|------|-------|
| 0011 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0012 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0013 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0014 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0015 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0016 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0017 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0018 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0019 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0020 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |

Banks, Retail

| | | | | | |
|------|-----------------|----|------|------|-------|
| 0021 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0022 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0023 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0024 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0025 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0026 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0027 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0028 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0029 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0030 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |

Breweries, Pubs & Rest

| | | | | | |
|------|-----------------|----|------|------|-------|
| 0031 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0032 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0033 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0034 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0035 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0036 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0037 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0038 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0039 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0040 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |

Diversified Industrials

| | | | | | |
|------|-----------------|----|------|------|-------|
| 0041 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0042 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0043 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0044 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0045 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0046 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0047 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0048 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0049 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0050 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |

Engineering Vehicles

| | | | | | |
|------|-----------------|----|------|------|-------|
| 0051 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0052 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0053 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0054 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0055 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0056 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0057 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0058 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0059 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0060 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |

Extractive Industries

| | | | | | |
|------|-----------------|----|------|------|-------|
| 0061 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0062 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0063 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0064 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0065 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0066 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0067 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0068 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0069 | Bank of America | 40 | 1.00 | 4.00 | 10.00 |
| 0070 | Bank of America | 40 | 1.00 | 4.00 | 10. |

Eastern set to lose millions in dash for gas

CHRIS GODSMARK
Business Correspondent

Eastern Group, the regional electricity company bought by Hanson last year for £2.5bn, is facing mounting losses running into tens of millions of pounds from its aggressive assault on the commercial gas market.

Managers in charge of Eastern Natural Gas have not revealed the scale of the problems, but industry sources close to the company suggested its policy of grabbing market share by selling gas too cheaply has cost it at least £40m. In addition there are other huge losses incurred on so-called "take or pay" contracts to buy gas from North Sea fields at fixed prices well above the current market price.

For weeks the gas market has been rife with rumours that Eastern is about to cease taking on new customers in an attempt to sort out its existing difficulties – a charge the company vehemently denied. City analysts said the losses would have an impact on the valuation of Hanson Energy when the division, which also includes US coal mining operations, is demerged next year.

One source suggested those at the top of Eastern, and at its parent, Hanson, may not be fully aware of the scale of the problems. "The shareholders, in this case Hanson, are getting a raw deal over Eastern's venture into the gas market. They ought to know more about it than they apparently do at the moment," he explained.

The pace of Eastern's "dash for gas" has been astonishing, outstripping that of any rival electricity company. The idea was to lessen Eastern's exposure to the electricity business prior to the distribution price review being undertaken by the industry watchdog, Ofreg.

Just a year ago the company ranked sixth in the league table of suppliers to the competitive gas market, which covers everything from heavy household users to large industrial customers.

The latest unpublished industry sales figures suggest that since then Eastern has risen to second place in the business market, beaten only by British Gas. One consultancy said Eastern had actually surpassed British Gas in the large industrial market, taking as much as a 17 per cent share.

Since last year Eastern's sales force – believed to earn commission based on the volume of gas sold rather than the profitability of the contracts – has sold gas to customers for as little as 7p a therm and at an average price of around 10p. Yet in recent weeks the market price of gas, which collapsed in 1995, has recovered from 10p a therm to prices of 15p and above for delivery this autumn.

Eastern is thought to have contracts of this type to supply about 1 billion therms of gas this year at an estimated loss of 4p a therm, making total losses of £40m. Other independent gas suppliers also face losses on recent cheap contracts, but experts said Eastern's aggressive sales

policy had worsened its exposure considerably.

In addition, losses on the company's take or pay contracts are potentially even greater. Eastern is believed to be committed to buying a further 1 billion therms of gas each year at around 19p-20p a therm, substantially higher than the market price. The company has signed a number of high contracts with gas producers, including a £400m deal arranged last year to buy the entire production of one North Sea field.

Some of these take or pay losses were reportedly written down in Hanson's balance sheet following the takeover. The last annual report includes a "fair value" adjustment to the balance sheet of minus £129m, to reflect what it described as "liabilities in respect of purchase contracts" incurred by the energy division.

However, the company's web of deals to supply gas to its own power stations and the wholesale market have disguised the true picture. Last week Trevor Turner, the head of Eastern Natural Gas, could not be contacted. But an Eastern spokesman insisted the business was profitable. "These are just mischievous rumours spread around by our competitors."

News of the problems may also affect Eastern's attack on the domestic market, with full competition for residential customers due in 1998. Eastern is selling gas at a 20 per cent discount in British Gas in the trial run of competition under way in Devon and Cornwall.



Forthcoming attraction: The one-seater Eurofighter 2000 will make its debut at Farnborough this week

Test milestone for Eurofighter

Another milestone in the development of the hugely expensive and seriously delayed Eurofighter 2000 took place over the weekend, with the maiden flight of the two-seater version of the aircraft, writes Chris Godsmark.

The sixth Eurofighter, constructed by Casa of Spain, took off from an airfield on Saturday for what was described as a successful test flight. More details of the flight will be given at the Farnborough Air Show, the UK's aerospace industry showcase, which opens to trade customers today.

The single-seater Eurofighter will also make its Farnborough flying debut this week.

The project, which involves British Aerospace, Daimler-

Benz and Alenia of Italy in addition to Casa, is running three years late.

Last month the National Audit office said that the 48 per cent British stake in Eurofighter would cost an extra £1.25bn, taking the UK's contribution to £15.4bn.

One key topic of conversation at Farnborough will be the ongoing talks aimed at restructuring the European defence industry.

Last week BAE's head of commercial aircraft, Mike Turner, called at a conference for a further rationalisation of the defence sector to match the consolidation in the US.

Mr Turner said that Europe had 10 helicopter and aircraft producers compared with five in the US, and 11 missile contractors against just five in the US, despite the fact that the US defence budget is twice the size of Europe's.

AEA gives 'no fat cats' pledge

CHRIS GODSMARK

AEA Technology, the science and contracting arm of the state-owned Atomic Energy Authority, yesterday gave a "cast-iron guarantee" that its £200m privatisation will involve "no fat-cattery", despite the fact that its chief executive recently netted £4m from the rail sell-off.

Peter Watson is also chairman of Porterbrook, the train leasing group taken over by Stagecoach last month for £825m. Porterbrook's employees together made £84m in the deal, with Mr Watson alone earning £4m on his 25,000 shares.

AEA publishes its flotation prospectus today, which will be aimed at institutions and sophisticated private investors, the so-called "Jeremys" rather than "Sids". The document will give details of the business, which has a technical and advisory role in the decommissioning of nuclear power stations, but has increasingly diversified into non-nuclear work such as project management.

The prospectus will not put a market value on the company, though it is likely to be in the region of £200m.

It will be a distinctly low-key privatisation with none of the advertising associated with bigger sell-offs. Individual share applications must be made through a broker, with the minimum investment expected to be substantially greater than in the sell-off of Railtrack or British Energy. Most shares are expected to go to City institutions.

Company sources played down any suggestion that the flotation could bring substantial windfall gains for directors.

Labour attacks the jobs that don't last

DIANE COYLE
Economics Editor

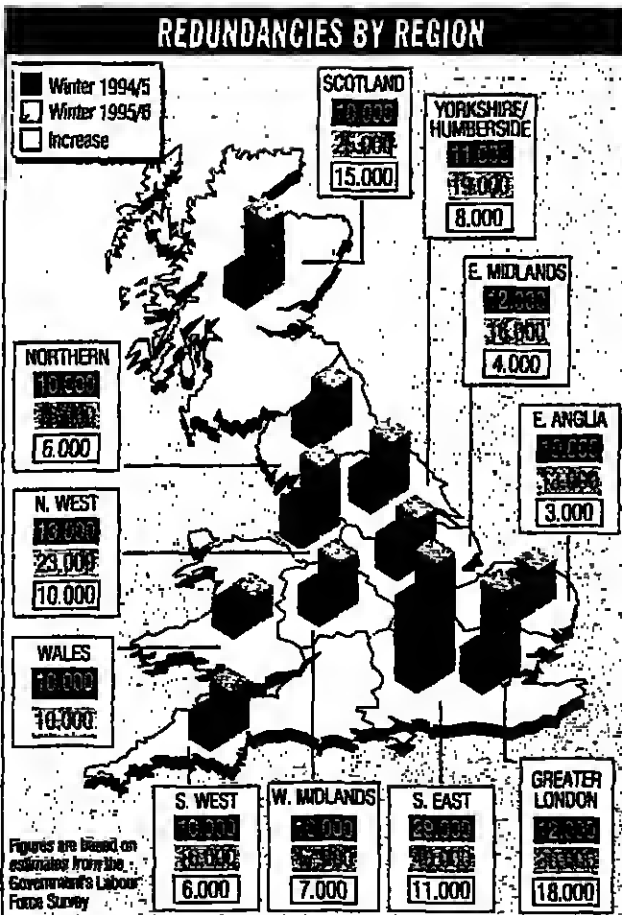
The number of redundancies has doubled and more than half of the newly unemployed had a job that lasted less than a year, according to a Labour Party analysis published today as part of its campaign on job insecurity.

The figures, compiled from official sources, show that between the winter of 1994/95 and last winter there was an increase of 106,000 in the number of redundancies in Great Britain. This took the total during the December-February quarter to 225,000, back near its level two years earlier.

There were particularly big increases in the numbers made redundant in Greater London, the West Midlands, the North and Scotland.

In addition, 58 per cent of people making a new unemployment-related benefit claim between October 1995 and January 1996 had claimed benefit less than 12 months previously. In some regions the proportion was far higher, rising to nearly two-thirds in the North.

Labour claimed the figures were further proof of the existence of a "revolving door" economy characterised by growing insecurity despite the drop in the unemployment total. Shadow Employment spokesman Ian Macartney said: "Officially the number of people



unemployed and claiming benefit may be falling, but only months after they signed off the dole many thousands of people are finding themselves back in the JobCentre again."

He added: "Skilled, well-paid and full-time jobs are still disappearing in every area of the country, and new jobs are mainly poorly paid, insecure and temporary."

The Labour claims follow government attempts to play down the idea that falling unemployment has been achieved at the cost of casualising the labour force. Treasury minister William Waldegrave recently pointed to figures indicating that the average length of tenure in a job had fallen very little over

recent years, and had actually risen for women.

However, a growing body of research points to the existence of a low-pay ghetto from which people find it difficult to escape into more secure and rewarding jobs.

A recent study by Paul Gregg and Jonathan Wadsworth, researchers at the London School of Economics, reported that the earnings gap between entry jobs for the unemployed and the stock of jobs held by the majority in work has widened enormously.

Nearly a third of entry jobs filled by the non-employed pay less than a quarter of median weekly earnings. The typical entry job pays about £100 a week.

Four million 'to lose out' on Channel 5

MATTHEW HORSMAN
Media Editor

Channel 5 Broadcasting, the backers of Britain's fifth terrestrial channel, yesterday accused the Government of depriving up to 2 million British households, or 4 million viewers, of the ability to receive the Channel 5 signal.

According to David Elstein, the newly appointed chief executive of Channel 5 Broadcasting, a request to use an additional frequency to transmit the new service was being resisted by the Department of Trade & Industry and the Radio Communica-

tions Authority, which want to reserve it for mobile television and radio digital services on trains and buses.

The fifth terrestrial service, to be launched on 1 January 1997, has already been allocated Channel 37, used by many VCRs for their playback signal, necessitating a £100m door-to-door retuning exercise. Earlier this year, Channel 5 requested that Channel 35, reserved for digital services, be released.

Mr Elstein claimed that Channel 5 would then reach 78 rather than 70 per cent of British households. The Independent Television Commis-

sion, which regulates commercial television in the UK, yesterday reiterated its support for Channel 5's request, saying: "We certainly believe that Channel 5 should get the maximum coverage. It would enhance the services to viewers, and those who can't receive will wonder why."

According to a source at Channel 5, several towns, including Worcester, will find themselves divided as to reception, with perhaps half of homes unable to watch the new service. Other towns, particularly in the East Midlands, would also be affected.

Channel 5 is asking for a meeting with the DTI to discuss the issue, while a select committee of the House of Commons is scheduled to debate the frequency question this autumn.

A spokesman for the DTI said yesterday: "We have stated our position. Looking to the future, we believe a better use of Channel 35 would be for mobile television services, which might be introduced in the next four or five years."

Mr Elstein said: "In deprive 4 million people of Channel 5 now for the sake of possibly bringing in mobile digital broad-

casting services in four or five years seems a very curious set of priorities. Given the rate of the technological advance we are experiencing in broadcasting, surely another means will be found of delivering digital mobile services if they are relevant in five years."

It is understood that the disagreement between the DTI and the ITC, which is overseen by the Department of National Heritage, was part of a continuing jurisdictional battle, made more bitter in light of the convergence between telecommunications and broadcasting in the digital age.

Virgin move into books opens a new chapter

NIGEL COPE

The Virgin Megastore chain is about to launch a full-scale attack on the UK book market with a range of titles aimed at its "youth" audience. Virgin hopes to achieve book sales of £25m-£30m by 1999 which would place it among Britain's top 10 booksellers with a similar market share to the Books Etc chain.

The move into books is part of a strategy to improve sales at the Virgin-Our Price chain and capitalise more on the links between the various parts of the Virgin empire. It is testing a "Virtual Megastore" format that will enable shoppers to enter even the smallest branch of Our Price and order from the full range of the Virgin Megastore in London's Oxford Street.

It also hopes to introduce systems that will enable shoppers at Virgin and Our Price stores to book cinema tickets at its cinema chain acquired last year.

Virgin has been running a book-selling trial in four of its stores since last December. It plans to introduce books to 20 stores by Christmas and all 32 of the largest megastores by next May. The range will include books by "cult" authors such as Irvine Welsh, Harper Lee, Ian Banks and JD Salinger. Other sections will include music and film titles as well as science fiction, sport, gay and lesbian and "new age" books on subjects such as transcendental meditation.

Simon Burke, managing director of Virgin-Our Price, said books represented a good opportunity: "We've tested a book range in stores like Nottingham, Bromley and Oxford and it's gone very well. We will try to stock mostly modern titles that are slightly controversial."

If Virgin succeeds in achieving book sales of £30m, that would give it a 2 per cent share of Britain's £1.6bn book market. According to retail consultants Verdict Research, WH Smith has the largest share with 25 per cent through its core chain and the Waterstone's business. Dillons is the second-largest with 9 per cent.

Verdict's Clive Vaughan says: "It seems like a good idea. There are some good obvious synergies and the titles they are stocking will appeal to its fairly young audience."

Virgin plans to open 80 new megastores over the next three years.

IN BRIEF

• Allders has agreed to buy eight department stores from Philip Green's Owen Owen group for £23.6m. The stores are those in Coventry, Ipswich, Basingstoke, Ilford, Redditch and Slough, plus the Lewis's stores in Leeds and Oxford. They will be refurbished at a cost of £15m during the next two years. Allders has also announced a special dividend of about £50m, worth 46p a share.

• Senior executives of Charterhouse, the City merchant bank, made profits of £12.7m on an investment of just £89,000, as part of the controversial sale of Porterbrook, the British Rail rolling stock leasing company, to Stagecoach earlier this year. The revelation is contained in an article in the *London Financial News*, published today. According to the paper, the senior Charterhouse executives, who include Victor Blank, chairman, and Gordon Bonnyman, managing director of development capital, also stand to make an additional £19m as their share of the bank's own profits on the deal. The individuals invested personally alongside the bank's own private fund, Charterhouse Capital Partners Five. The Porterbrook sale netted £80m for company directors.

• The pay of working women in the US fell in the early 1990s after rising for more than a decade, according to the study by the Economic Policy Institute, a liberal think-tank in Washington. The State of Working America reports that between 1989 and 1995 the typical male worker's hourly wages fell 6.3 per cent, after inflation. The typical working woman's wages fell 1.7 per cent over the same period, reversing some of the 5.7 per cent increase experienced in the 1980s. Corporate chief executives' pay soared to 173 times that of the average worker in 1995, from a multiple of 122 in 1989 and about 60 in 1978.

• A new Labour government should set up an independent agency to predict the government's budget position, according to the journal *Economic Policy*, published today by the Institute for Public Policy Research. Professor Simon Wren-Lewis of Exeter University writes that the extra credibility an independent assessment would give to borrowing forecasts would allow interest rates to be lower than otherwise.

• A windfall tax on British Telecommunications would play into the hands of the company's foreign rivals, Don Cruickshank, the industry regulator, said. Asked about the Labour party's plans for a tax on the past profits of Britain's privatised utilities, Mr Cruickshank said: "It does seem odd in telecoms to tax one of the companies in one of the most important industries for the UK in the future. Some of the foreign competitors would, I guess, quietly approve."

• Swiss-based Winterthur Insurance said it proposes to form a joint venture with Skipton Building Society. Winterthur Life, the company's UK life insurance and pensions unit, said the move signalled its intention to be a major player in mortgage services.

• GEC meets the Association of British Insurers today to discuss the controversial £10m pay and options package for its incoming chief executive, George Simpson. The company is expected to agree to tougher Mr Simpson's performance criteria to head off a showdown at its annual meeting on Friday.

| STOCK MARKETS | | | | | | | | | |
|---------------|----------|------------|----------|-----------|----------|-------|-----------|----------|-------|
| FT-SE 100 | | | | | | | | | |
| Index | Close | Week's chg | Change % | 1996 High | 1996 Low | YTD % | 1995 High | 1995 Low | YTD % |
| FTSE 100 | 3887.60 | -39.9 | -1.0 | 3918.70 | 3632.30 | 4.05 | 4015.30 | 3415.30 | 3.42 |
| FTSE 250 | 4416.20 | -6.6 | -0.2 | 4568.80 | 4015.30 | 3.42 | 4615.30 | 3415.30 | 3.91 |
| FTSE 350 | 1938.30 | -16.8 | -0.8 | 1960.90 | 1816.60 | 3.91 | 2015.30 | 1816.60 | 3.91 |
| FT Small Cap | 2153.09 | +5.9 | +0.3 | 2244.36 | 1954.06 | 3.04 | 2315.30 | 1816.60 | 3.91 |
| FT All Share | 1915.98 | -14.8 | -0.8 | 1936.24 | 1791.95 | 3.84 | 2015.30 | 1816.60 | 3.91 |
| New York | 5991.06 | -191.7 | -3.2 | 5778.00 | 5032.94 | 2.21 | 6015.30 | 4015.30 | 3.42 |
| DAX | 2066.90 | -106.9 | -5.0 | 2266.80 | 1974.70 | 0.77 | 2315.30 | 1816.60 | 3.91 |
| Hong Kong | 11158.02 | -265.6 | -2.3 | 11694.99 | 10204.87 | 3.43 | 1215.30 | 1016.60 | 3.91 |
| Frankfurt | 2543.83 | -11.3 | -0.4 | 2583.48 | 2253.38 | 1.80 | 2615.30 | 1816.60 | 3.91 |

Source: FT Information

| INTEREST RATES | | | | | | | | | |
|-------------------|---------|---------|---------|--------|--------|--------|--------|---------|---------|
| UK interest rates | | | | | | | | | |
| Index | 1 Month | 3 Month | 6 Month | 1 Year | 2 Year | 3 Year | 5 Year | 10 Year | 30 Year |
| UK | 5.72 | 5.94 | 7.91 | 7.95 | 8.02 | 8.04 | 8.04 | 8.04 | 8.04 |
| US | 5.28 | 5.63 | 6.83 | 6.24 | 7.11 | 6.82 | 6.82 | 6.82 | 6.82 |
| Japan | 0.44 | 0.63 | 2.95 | 3.03 | 3.03 | 3.03 | 3.03 | 3.03 | 3.03 |
| Germany | 3.13 | 3.32 | 6.40 | 6.64 | 7.10 | 7.10 | 7.10 | 7.10 | 7.10 |

| CURRENCIES | | | | | | | | | |
|-------------|---------|------------|---------|---------|---------|---------|---------|--------|--------|
| E/£ | | | | | | | | | |
| Index | Close | Week's chg | Tr 1 Y | Tr 3 Y | Tr 5 Y | Tr 10 Y | Tr 30 Y | Tr 1 Y | Tr 3 Y |
| \$ (London) | 1.5630 | +0.0006 | 1.5525 | 1.5525 | 1.5525 | 1.5525 | 1.5525 | 0.0006 | 0.0006 |
| \$ (NY) | 1.5340 | -1.00 | 1.5365 | 1.5365 | 1.5365 | 1.5365 | 1.5365 | 0.0006 | 0.0006 |
| DM (London) | 2.3098 | -0.190 | 2.2717 | 2.2717 | 2.2717 | 2.2717 | 2.2717 | 0.0006 | 0.0006 |
| ¥ (London) | 168.742 | +1.142 | 151.237 | 151.237 | 151.237 | 151.237 | 151.237 | 0.0006 | 0.0006 |
| £ Index | 85.3 | +0.3 | 84.6 | 84.6 | 84.6 | 84.6 | 84.6 | 0.0006 | 0.0006 |

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Monetary rules say base rates should not be cut

GAVYN DAVIES

Neither Bank nor Treasury officials would be surprised if the Chancellor insisted that rates should come down again. This raises the crucial question whether severe risks are being taken on monetary policy for short-term political reasons.

The Chancellor meets the Governor on Wednesday to renew their recent dispute on interest rates. Although I do not detect from the Bank of England any feeling that a rise in rates is at all urgent, it is quite vehemently opposed to further cuts. Meanwhile, neither Bank nor Treasury officials would be surprised if the Chancellor took a different view, and insisted that rates should come down again. This once again raises the crucial question for British macro-economic policy today, which is whether severe risks are already being taken on monetary policy for short-term political reasons.

This column has argued in the past that it is a good idea to take some of the political heat out of this debate by looking at formal rules for setting optimal monetary policy. The rule that has been discussed here before is the so-called Taylor rule which has been proposed by senior central bankers at the US Federal Reserve as a good way of setting "optimal" monetary policy.

As a reminder, the Taylor rule automatically increases real interest rates when inflation rises relative to target, and reduces real rates when output is below normal capacity. When this rule is implemented in the UK, it provides a reasonably good fit with the past behaviour of the authorities, and currently suggests that base rates are about right. Thus, while it would not support the Chancellor if he were to cut rates again, it does not suggest that he has already taken untoward risks with monetary policy.

However, an important criticism of the Taylor rule is that it has not always in the past given the right signals when crucial mistakes were being made in the setting of monetary policy. In particular, as the first graph shows, the rule suggests base rates should

have been lower than they actually were throughout the period from 1986-88, whereas all economists would now agree rates should have been much higher. Since we would hope these rules would at the very minimum help us to "coarse-tune" the economy - in other words to avoid egregious policy errors - this is not especially encouraging.

Partly for this reason, the Bank of England has examined other automatic policy rules as well as the Taylor rule, especially one suggested by Bennett McCallum. (See an article by Alison Stuart in the *August Quarterly Bulletin*, and the Bank's *Working Paper No. 45* by Andrew Haldane, Chris Salmon and Mr McCallum himself.) The McCallum rule has a lengthy pedigree, since its inventor has previously applied it successfully to both the US and Japan, so it is a welcome newcomer in the UK. It has every claim to be taken seriously.

Here is how it works. Instead of providing direct advice about the appropriate level of interest rates, the rule focuses on the growth of base money (M0). The rate of growth of M0 is set to be equal to the target growth of nominal GDP (say about 4.5 per cent per annum), subject to two qualifications. The first is that allowance needs to be made for the trend rise in the velocity of circulation of base money, which means that M0 growth on average needs to be kept systematically below that of nominal GDP. The second adjustment, a feedback mechanism based on nominal income growth, represents the guts of the rule itself. M0 growth is reduced by 0.5 per cent for every 1 per cent by which nominal GDP exceeds its target level, and vice versa.

Thus, the rule enforces a tightening in monetary conditions whenever nominal GDP is higher than its desired level, with the

intention of bringing national income back towards its target with the usual lags.

At first sight, the McCallum rule looks very different from the Taylor rule, since the former sets an optimal level for M0 rather than interest rates, and since it has a feedback mechanism based on nominal GDP instead of the output gap and inflation. But in fact, the difference between the two rules is not as large as it seems. First, the optimal level of M0 can be translated into an implied level for interest rates fairly easily, in fact this needs to be done to make the rule operational because the Bank of England fixes interest rates directly, and not M0.

To do this, we use an estimated relationship that links the demand for M0 to the level of base rates and other variables, and then simply pick that level of base rates which produces the desired outcome for M0. Second, the nominal GDP target can be broken down into two component parts - real GDP relative to trend, and the price level relative to its target - which happen to be the two variables which form the feedback mechanism in the Taylor rule.

So there is considerable overlap between the two formulae. In fact, it is almost correct to view the McCallum rule as an augmented Taylor rule, where the augmentation comes from adding into the formula the extra information about the economy which is contained in the growth of M0. This is probably a good idea, since there is a vast amount of evidence in the UK which suggests that M0 is a very valuable leading indicator for inflation. (Incidentally, there is no doubt whatever, from a large number of econometric studies, that it is a much better leading indicator than M4, should any of the warring monetarist clans be listening.)

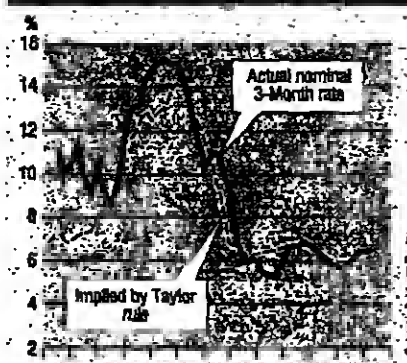
The second graph shows the Bank of England's estimates for optimal M0 growth under the McCallum rule, and compares these with the actual growth in M0 over the past decade. Basically, a comparison between the two series shows that M0 growth should have been kept much lower than it actually was between 1985 and 1990, implying that optimal interest rates under the rule should have been much higher than the government chose. Thus the McCallum rule, unlike the Taylor rule, gives broadly the right advice during the period of intense policy errors in the 1980s (and most significantly during the worst years of 1987-88). Importantly, the rule says that the current level of base rates should be increased slightly, which is more hawkish than the advice which emerges from Taylor.

However, before we jump to the conclusion, as some analysts have, that the McCallum rule is always superior to Taylor, consider the period from 1992-95. Taylor quite rightly advises sharply reduced interest rates over this period, while McCallum wrongly suggests that base rates should have been higher than the Chancellor actually set. So neither rule is perfect.

It would be useful to see a rigorous econometric horse race being conducted between these two rules so that we could establish which is superior over lengthy test periods. But in the absence of this, I would hope that our monetary policy-makers will examine both of the rules on a continuous basis, and think about their implications when setting policy.

One thing is for sure. I never met an econometric formula that cut base rates for electoral purposes. And right now the two rules taken together imply base rates should not be cut. The Chancellor should pay attention.

UK SHORT TERM INTEREST RATES



McCALLUM RULE FOR M0



The director-general tells Mathew Horsman why the BBC must remain public Revitalised but not privatised

THE MONDAY INTERVIEW
JOHN BIRT

It was only a matter of time before John Birt, the BBC's director-general, made an appearance in the business pages of the national press. What had once been a story for home news (about plot developments on *Eastenders* or the setting of the licence fee) has become a business story above all. Nothing less than the commercialisation of large parts of the public service broadcaster is resolutely on the cards, and Mr Birt knows it.

"We can't sit still," he says, perched in a corner of small, cramped office in BBC Scotland, just hours after his high-profile speech to the Edinburgh International Television Festival last weekend, in which he called for an increase in the compulsory licence fee. A few days later, the *Independent* reported that the BBC was considering hiring off its huge resources directorate as a wholly owned commercial subsidiary. The debate about Mr Birt's strategy, which has rumbled on for all of his three years in the job, suddenly sharpened.

"This debate is about what the BBC has become over the past 70 years," Mr Birt says. "This is the most powerful cultural institution on the globe, but we are coming into a difficult period."

The difficulty can be summed up in a few key words: multi-channel competition, in the days of just three, and then four, mainstream channels, the BBC had a privileged position and a reputation for quality and accuracy that easily exceeded that of its terrestrial competitors.

The explosion in the number of pay-television channels on satellite and cable, and the further fragmentation of the market through the introduction of perhaps 200 digital channels starting next year, means the BBC must reconstruct itself. No one at the BBC, least of all Mr Birt, likes to talk about reconstruction. But how else to describe the radical plans to separate commissioning from production, have off BBC Resources (studios, editing suites and the like) into a wholly owned com-

mercial subsidiary), and cut budgets by another 15 per cent over three years, at the cost of perhaps 2,000 production jobs?

Mr Birt is messianic on the subject of the BBC's future. "We should be proud of what the BBC has become and the role it plays. British values need to stay at the very heart of our national debate." The BBC, he believes, is the chief arena for those values to be articulated.

But isn't it really all about money? The private sector broadcasters complain that the BBC is increasingly a commercial player, single-mindedly pursuing audiences with a mix of low and high culture that strikes many as more "ITV" than "BBC". Mr Birt himself concedes that, to compete in the multi-channel environment, the Corporation needs to be leaner and more flexible, and must demonstrate every day the value of its programming to the licence fee-payer.

He insists, however, that the future of the BBC is in the public sector: wholesale privatisation is not on the agenda, despite all the radical changes he plans to introduce. The licence fee must continue to be the prime source of revenues for the Corporation: indeed it must be raised, although Mr Birt is realistic enough to admit that the battle will be "a long haul".

Calls from some right-wing quarters to make the fee voluntary - akin to a subscription fee paid only by those who actually watch - are rejected with passion. "The BBC would collapse as an institution," he says. "There is no argument for changing the basic structure: it has worked triumphantly well. The BBC, the greatest institution of all, is not sustainable except through the licence fee."

But the licence fee alone - which has not been increased in real terms since 1985 - cannot wholly finance the BBC's future plans, which include offering digital channels for mainstream viewers and up to eight pay-television services, available on any platform - terrestrial, satellite,

cable. "There is a funding gap," Mr Birt says bluntly.

"There's money to be made commercially, and we have highly developed plans," he says. "But our total annual revenues from commercial activities is just 5 per cent of our revenues. It just doesn't answer the need to fund the BBC, even if we tripled our [commercial] revenues."

The BBC receives about £1.7bn a year from the licence fee, and another £300m in revenues from its commercial activities, grouped under BBC Worldwide. It has generated savings of about £300m since the launch of Mr Birt's controversial "stage one" reforms, characterised by the introduction of an "internal market" and the much-maligned "producer choice", which allowed individual producers to select outside or inside production teams to make their programmes.

Producer choice is nothing compared with the management shake-up announced in June, which will give us two giant new directorates, BBC Production and BBC Broadcast, and which could see further commercialisation of the production operations.

The endgame, although Mr Birt declines to say it, is to create an efficient "virtual" corporation, with the goal of making quality programmes supplied by outside agencies - even if these are wholly owned BBC subsidiaries.

The great advantage in commercialising parts of the BBC lies in the Corporation's ability to safeguard the mainstream, licence fee-supported services while at the same time investing in digital technology and building new markets.

On the model of BBC Worldwide, which has launched channels with private sector partners such as Pearson Television, BBC Resources could, for instance, work with private partners to develop new

programme and facility markets. In the same way, whole new markets can be opened up to the BBC without putting the licence payers' money at commercial risk. A joint venture with Flextech, the cable and satellite programme packagers, for instance, could help the BBC finance its new channels without touching a penny of the licence fee.

Mr Birt insists the strategy does not amount to privatisation through the back door, as the

Liberal Democrats suggested in response to the plans to hive off BBC Resources.

But the real problem ahead may be political, more than commercial. If the BBC can really turn itself into an efficient commissioning house, through "commercialisation" and restructuring, then calls will intensify for a reform of the licence fee and, perhaps, for the outright privatisation of parts of the BBC. Mr Birt, no doubt inadvertently, has himself unlocked the door. Will a future government swing it open?



Messianic: John Birt at the Edinburgh Television Festival

Photograph: Gerald Lewis

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Executives 'only pay lip service to ethics'

BARRIE CLEMENT
Labour Editor

Senior executives are hypocrites who pay lip service to business ethics, but consistently fail to practise what they preach.

In a survey of more than 300 top managers in a wide range of organisations, the non-aligned Industrial Society found a disturbing "ethics gap" between what British business said and what was carried out.

While 71 per cent of respondents said executives should always consult people before making decisions that affect them, only 46 per cent said that such an approach was adopted by their organisations.

About 86 per cent of respondents said companies should "communicate with employees openly, honestly and frequently", but only 59 per cent said their business did so.

Around 61 per cent of managers thought organisations should never do business with suppliers, contractors and distributors whose behaviour was contrary to the company's own standards. Only 44 per cent believed their firm lived up to such a standard.

On the sensitive issue of pay, 83 per cent agreed that employees should be rewarded fairly, but only 66 per cent said that happened in practice.

While 55 per cent of those responding to the questionnaire said organisations should enable employees to balance home and work, only 30 per cent thought that such a practice was true of their own organisation.

Just over 90 per cent of respondents said organisations should respect people's dignity, but only 72 per cent thought their firm did so.

Ironically, three-quarters of

those responding said that maintaining ethical standards would have a positive effect on financial performance.

More than half said ethics had become more of a priority over the last three years, but two-fifths said they had never consulted their employees on the issue.

Jo Gardiner, of the society, said that organisations needed to work with employees to define the ethical standards which should underpin their business practices.

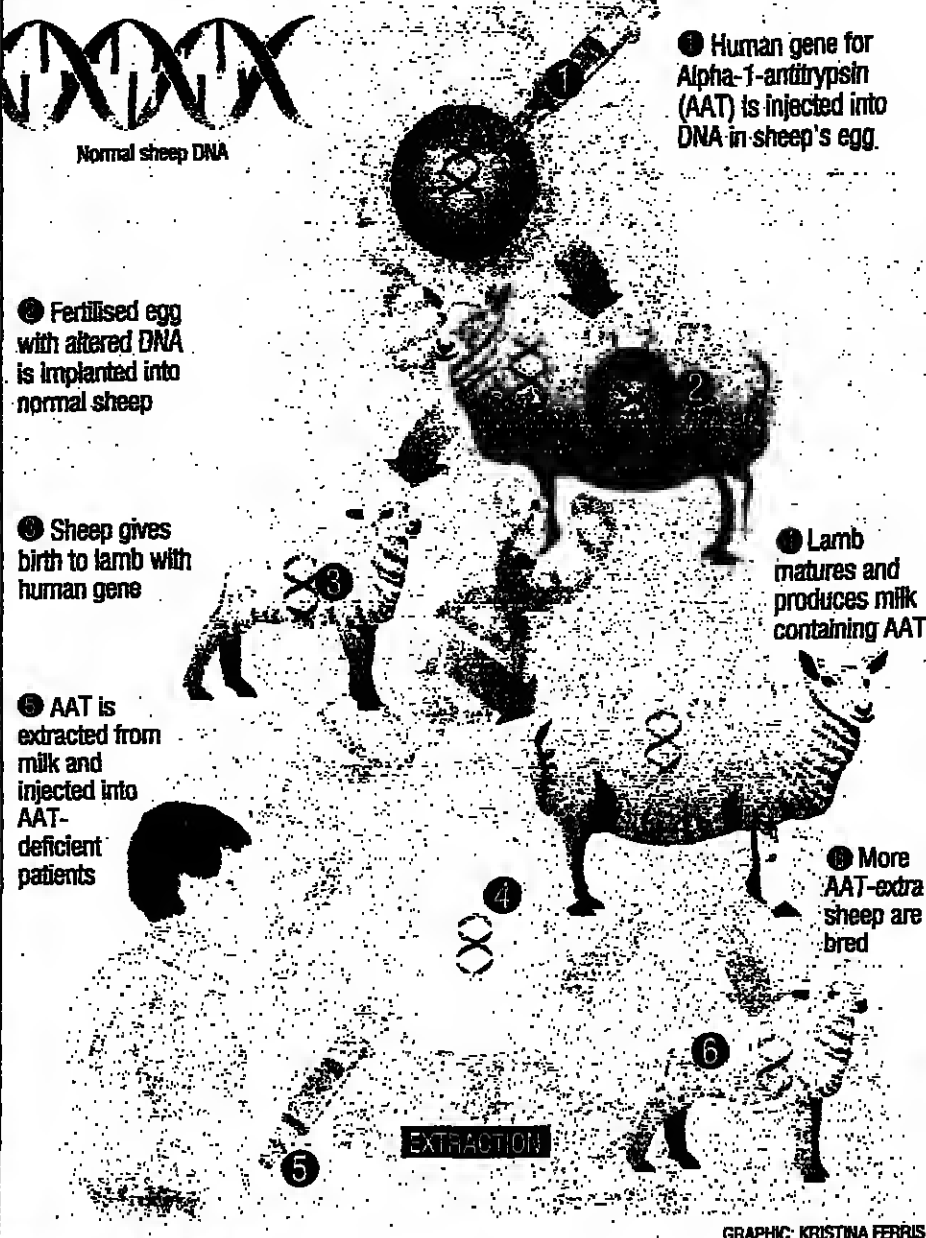
"These standards should reflect the business environment while being relevant to people's real-life jobs and decisions. The gap between what managers know is good practice and what they see happening in their organisations is worrying. Directors and managers should lead by example, demonstrating commitment to their organisation's values."

SCIENCE



Pharm labour: the humble sheep is playing a key role in pharmaceutical companies' search for wonder drugs, such as the genetically engineered treatment for cystic fibrosis

HOW TO BECOME A PHARMER



Milking them for all they're worth

Genetically engineered animals are yielding human proteins to combat hereditary disease – and to make a fortune for the breeders. **Stephen Day** reports

The most closely watched sheep in the world are probably a flock grazing at a local farm near Edinburgh. Each identified by its own implanted microchip, these sheep have the biotech equivalent of the golden fleece. They carry the human gene for a protein called alpha-1-antitrypsin (AAT) and secrete large amounts of human AAT into their milk. With the help of an £8m milking parlour and neighbouring extraction plant, PPL Therapeutics, the sheep's owner, is now preparing to test an AAT aerosol to combat the symptoms of cystic fibrosis.

Showing that a good pun sticks, PPL's route into the pharmaceuticals market is generally called "pharming". The company is far from the only "pharmer" out there. Small flocks and herds of genetically engineered cows, sheep, goats, pigs and even rabbits are being milked for human proteins at various secure farms around the world.

The lure of "pharming" is that genetically engineered animals can produce complex human proteins that are either impossible or impractical to

make by any other method. Some simple compounds such as insulin are now made by bacteria, yeast or animal cells.

However, these systems cannot produce the most complex human proteins efficiently. In contrast, farm animals secrete complex proteins into their milk naturally. Companies like PPL have hijacked this process by hooking human genes on to appropriate controlling regions of DNA. Injecting the human gene into the DNA of a fertilised egg, and placing the egg in a surrogate mother, can then produce a genetically engineered animal that secretes a human protein into its milk.

It's a painstaking business. The injected gene may not integrate into the egg's DNA and, even if it does, the animal may not produce much of the human protein. But once researchers create even one high-yielding animal, conventional breeding opens the way to an unlimited supply – the inserted human genes, being incorporated into the sheep's genome, can pass from generation to generation like normal genes.

Some of the sheep grazing

near Edinburgh are the great, great granddaughters of PPL's original genetically engineered sheep. The AAT-producing flock now numbers around 200 and is giving enough AAT for clinical trials to begin, probably around the end of this year.

According to PPL's managing director, Ron James, the AAT protein cannot cure cystic

AAT from sheep can already be used to treat hereditary emphysema

fibrosis, but it may help prevent one of the disease's most damaging symptoms – the destruction of the lung lining. The natural function of AAT is to inhibit the activity of an enzyme called elastase that the body uses to destroy dead or damaged tissue. "The role of elastase is to chew up bits of tissue as part of a process called tissue remodelling," says James. "This is particu-

larly important in the lungs." In people with cystic fibrosis, however, frequent lung infections lead to an influx of disease-fighting white blood cells which release extra elastase into the lungs.

Normally, the extra elastase is useful because it removes disease-damaged tissue. But after repeated infections it causes a breakdown in the lining of the lung that is eventually fatal. PPL's trial will see whether patients with cystic fibrosis can rein in the effects of the excess elastase by spraying AAT directly into their lungs. According to James, the initial trial will be very small, involving tens rather than hundreds of patients. If the early results are positive, the company may move to larger trials in the middle of next year.

However successful the trial may be, PPL's sheep have a secure future in providing AAT to treat another lung disease, hereditary emphysema – a fatal disorder causing lung damage similar to that resulting from cystic fibrosis. It stems from a genetic inability to produce sufficient AAT and often remains unnoticed until middle age when lung

damage results in shortness of breath. In cystic fibrosis, the damage is caused by too much elastase in the lungs. In hereditary emphysema, the elastase level is normal, but there is not enough AAT. Doctors can sometimes halt lung degeneration in emphysema sufferers by injecting AAT extracted from donated blood, but currently this treatment is available only to patients in the US and Germany; there is just not enough AAT to go around. To treat just one patient for one year requires all the AAT from about 100 litres of blood.

In contrast, just a couple of thousand genetically-engineered sheep would be sufficient to meet the world demand.

This ability to produce large amounts of otherwise very scarce proteins explains why drug-producing livestock roam in other places besides the Edinburgh area. PPL's sister company in Virginia has genetically engineered pigs to secrete an anti-blood-clotting agent called Protein C into their milk. The company is also working on genetically-engineered rabbits and cows.

Another company, Gen-

zyme Transgenics in Massachusetts, breeds genetically engineered goats whose milk holds a different clot-digesting drug, called tissue-plasminogen activator. Finally, Gene Pharming Europe, in Leiden in the Netherlands, is breeding cows that produce the human version of lactoferrin, a protein that captures free iron atoms and

Genetically engineered cows' milk may be used for baby formula

hinds them in its structure. Lactoferrin is doubly useful because although our bodies can use iron that is bound to the protein, many bacteria cannot. So on the one hand, lactoferrin could help to treat anaemia by delivering iron to patients, while on the other, the protein could inhibit bacterial infections by soaking up iron and starving bacteria of the metal.

Sheep, pigs, rabbits, cows, goats – why are the pharmers using so many different breeds of animal? Part of the reason is the trade-off between speed and size. It takes less time to breed genetically engineered rabbits than genetically engineered cows, but the cows will produce the most milk in the long run. In fact, genetically engineered cows' milk may capture the biggest market of all – baby formula. The major proteins in cows' milk differ significantly from those in human milk. This makes cows' milk less suitable for human babies. It may also contribute to allergies. Pharming could solve the problem.

"I think it's quite feasible that you could make milk that contained human versions of the three, four, or five major proteins," says James. However, completely "human" milk from cows is not on the agenda. According to James, the best approach is to identify the key proteins and replace those. "There are a host of other minor proteins. I don't see any way in the near future that you could get a complete replacement," he says. "Nor do I think it would be necessary."

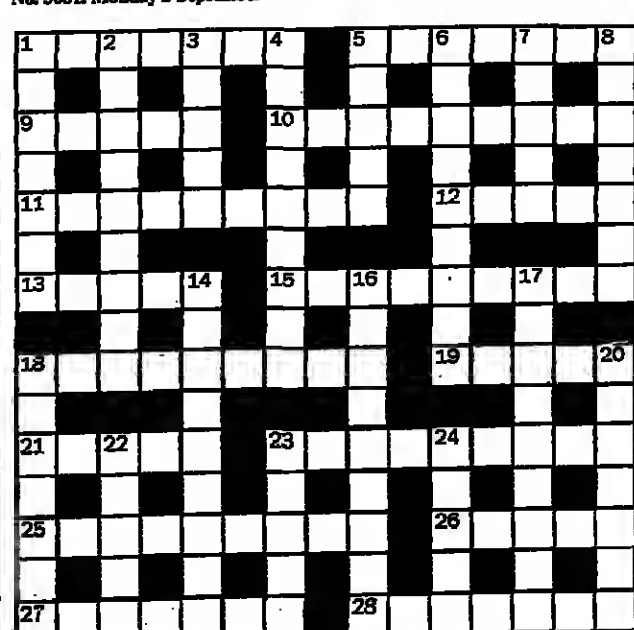
Despite the medical logic of "pharming", it is still conceivable that the public will reject the approach. To strengthen the industry's hand, PPL points out that there appear to be no effects of genetically engineering their sheep beyond the production of AAT in the animals' milk. Furthermore, lambs drinking the AAT-rich milk grow normally. Since each sheep has the potential to produce about £65,000 worth of AAT per year, PPL has every reason to take good care of them. The genetically-engineered sheep come from scrapie-free New Zealand stock and live on a strictly vegetarian diet.

More cynically, companies like PPL could defend themselves by pointing to more tempting targets for potential opponents to focus on. A few years ago, researchers in Australia produced fast-growing "superpigs" by giving them extra copies of a growth hormone gene. But there were no medical benefits – especially not for the pigs. Unlike PPL's sheep, the only benefit superpigs offer is the chance to produce more pork more quickly.

THE INDEPENDENT CROSSWORD

No. 3081, Monday 2 September

By Portia



ACROSS

1 Potential undertaking (7)

5 Manage to follow on (7)

9 Work on a great many square stones (5)

10 Roughly handle and scratch a book inside (4,5)

11 Popular belief about a saint giving up (9)

12 Fellow about a year before unearthed Norse goddess (5)

13 Supply European with crack (5)

15 Worker holding modern design for decoration (9)

18 Real cut in heat generated (9)

19 Temporary obstacle to heart's desire (5)

21 Point to regressive state of American lake (5)

23 Fireproof outfit? (5,4)

25 Unnaturally euphoric at intervals (6,3)

26 Don't vote in favour of party (5)

27 First rate job done by the French preacher (7)

28 Complaint from inmate worried about money (7)

DOWN

1 Biographical sketch put together for column (7)

2 Covering report to be paid for later (2,7)

3 Children's edition (5)

4 It's French, by the way (2,7)

5 Substantial part of aerosol I'd used (5)

6 Refuse in order to get at flyer (9)

7 Call up girl who's keeping well (5)

8 Take from critic having no alternative (7)

14 Obtaining block lined with aluminium (9)

16 They play number in a shorter arrangement (9)

17 Anger surrounds shake out of company (9)

18 Can't recall having this condition (7)

20 Most wanted soldiers to move quickly (7)

22 Famous siege of a US city ended by doctor (5)

23 Support Irish dramatist by the sound of it (5)

24 Mark left a band in reduced circumstances (5)

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Human gene for Alpha-1-antitrypsin (AAT) is injected into DNA in sheep's egg

Lamb matures and produces milk containing AAT

More AAT in sheep's milk



Menswear: the best of British

Fashion, page 24, Section Two



How to stay fit when pregnant

An 8-page guide in Section Two



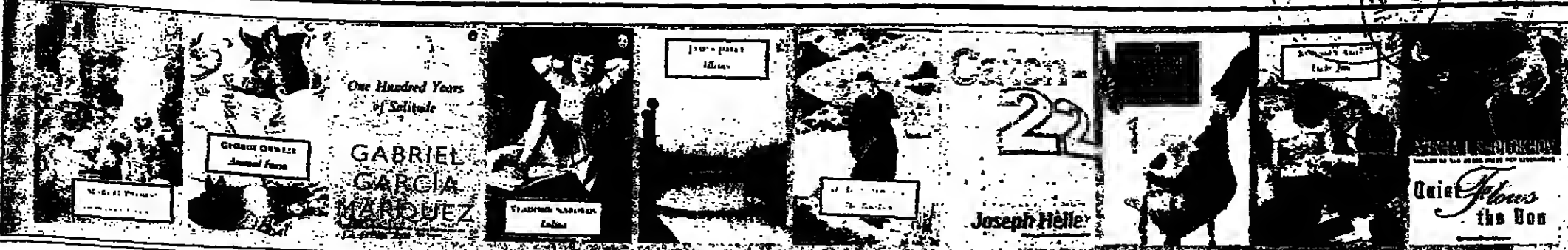
THE INDEPENDENT

3,081

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What are the 100 best novels of the century - and are these the top 10?

Arts, page 7

Property company privatised by government three years ago is resold at huge profit

Fat cats take £70m from the taxpayer

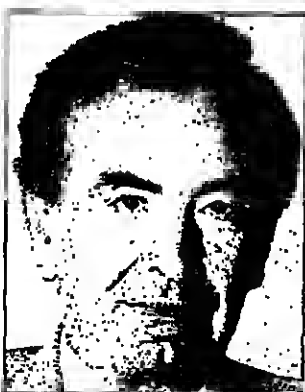
JOHN RENTOUL
Political Correspondent

A property company sold by the Government for £11.4m only three years ago has been re-sold for a profit of more than £70m. Half the profit will be shared by three people, in a deal which revives Labour accusations that "fat cats" are making a killing at the expense of the taxpayer.

The company, which has traded profitably since it was bought by a consortium in 1993, has been re-sold for £84.6m.

Dr Wilem Frischmann and Sudhu Prabhu, whose consulting company led the consortium, have made £18m and £12m respectively. Another £7m goes to Trevor Osborne, a property developer who helped to broker the deal. The rest of the profit goes to Amec, the building company which was their consortium partner.

Derek Foster, Labour's civil service spokesman, condemned the re-sale of a part of the Property Services Agency (PSA) as evidence that the taxpayer had been "ripped off". The Independent yesterday revealed



Frischmann: 'We took risks'

that the Government's net worth has declined from £20bn in the black to £15.2bn in the red under the Conservatives.

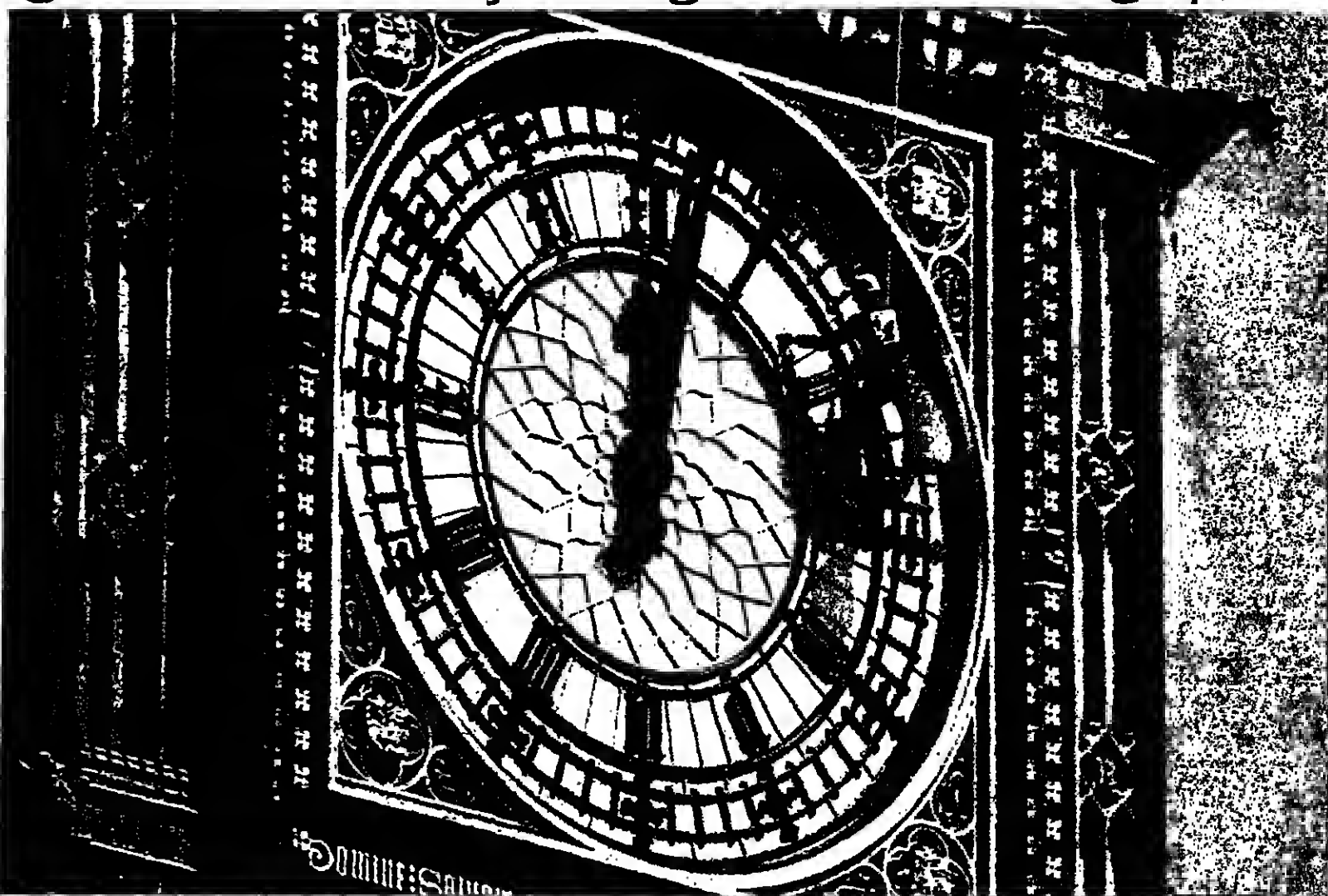
And this deal follows one of the profit of £40m cashed-in a month ago by three directors of Porterbrook rail leasing company seven months after it was privatised, when the company was bought by Stagecoach.

Dr Frischmann was born in Hungary and trained as a structural engineer to pursue a lifelong interest in tall buildings. As a young man he worked on Can-

ter Point and the NatWest Tower, and more recently on Canary Wharf. He, his son Richard and Mr Prabhu own the civil engineering consultants Pell Frischmann, which led the consortium which bought two divisions of the PSA. At first glance it seems we have become fat cats," he told *The Independent*. "But we took risks. The Government had good value. And the staff are the best-off. We have ensured permanency of employment for about 1,800 civil servants."

The Government guaranteed the cost of the first 1,000 redundancies, but the consortium still faced a potential £50m bill for lay-offs which was not underwritten by the Government. Note of this was omitted, and restructuring costs were met out of profits. The consortium had not even paid the whole purchase price - it was given terms over four years.

Dr Frischmann said that he would reinvest the profit in Private Finance Initiative projects. "I'm not going to buy a yacht or something." The PSA, which ran White-



Clearing up: Work being done to the face of Big Ben earlier this year by the company sold off by the government

Photograph: Alisdair Macdonald

hall buildings and managed government building projects, was sold in 1993 by John Redwood, a leading advocate of privatisation and then a junior environment minister. The agency had been dogged by allegations of fraud, and a breakdown in financial systems.

The divisions of PSA bought by Pell Frischmann included the part which managed Buckingham Palace, the Houses of Parliament and the Government's Whitehall buildings.

The sale was criticised by the National Audit Office earlier this year, because the Government made an "unusual" £14m unsecured loan to cover cash-flow problems in the loss-making parts of the business.

The company, which is now called Building and Property Management Services (BPMS), manages buildings mostly for the Ministry of Defence, having been guaranteed £400m-worth of government work over five years. A few months ago it cleaned the face of Big Ben.

A week ago, BPMS was bought by CVC Capital Partners, a venture capital fund, on behalf of its own management.

Both Pell Frischmann and BPMS are now bidding for an even bigger prize: the contract to manage all the Department of Social Security's property. And Pell Frischmann's partner Mr Osborne, the boss of Spexhawk property group which

crashed with debts of £300m three years ago, has long been interested in bidding for armed forces homes, worth an estimated £2bn.

For Labour, Mr Foster said: "With the sale of the DSS estate and MoD homes on the agenda, the Tories clearly cannot be trusted. This is asset stripping on a grand scale."

The strange case of the Home Secretary and the drug dealers. Was he tricked?

PATRICIA WYNN DAVIES

The two drug dealers who sparked an outcry over their early release fooled the authorities by tipping off Customs & Excise about a cache of their own illegal weapons, according to underworld sources.

Michael Howard, the Home Secretary, came under a welter of criticism at the weekend for agreeing to a judge's request for 18-year sentences for John Haase and Paul Bennett to be cut to just five in return for co-operating with the authorities. It was widely assumed the move was because they had supplied high-level information about the so-called £15 million "Tur-

ish connection" heroin-smuggling ring in Liverpool.

But the criminal world believes that after their arrest on heroin trafficking charges, Haase, 46, and Bennett, 32, perpetrated an elaborate confidence trick by alerting Customs to a consignment of Kalashnikovs and Armalites which they had purchased themselves out the proceeds of drug deals. Key elements of this version of events have been backed up by a security source.

Sources said yesterday that far from behaving like informers or "supergrass" in fear of their lives, they had openly returned to Liverpool after being released on parole last month.

Haase and Bennett were arrested in 1993 after Bennett, a married man, dropped a girlfriend when she began using heroin. The woman informed on him to a Merseyside police detective constable.

On remand in prison, Haase and Bennett are said to have demanded to speak to Customs, figuring they might have a better chance of avoiding a lengthy jail term than if they tried to negotiate with the police. They promised Customs they would supply information about a consignment of weapons on board a ship heading for Liverpool. The ship was already in Liverpool docks, the container's door protected with bags of Semtex.

Bomb disposal experts blew the doors off, revealing 50 weapons and some heroin. Haase and Bennett then gave addresses where more firearms and heroin could be found. They suggested they had helped expose an arms network that was supplying the IRA.

But sources insisted yesterday that they had betrayed a big-time drugs dealer, either British or Turkish. Neither Customs nor the Home Office were prepared to comment yesterday on the usefulness of the information the pair may have given. The pair had turned down offers of protection and help to start new lives away from Merseyside. The first trial

judge at Liverpool Crown Court, Judge David Lynch, knew about any help they may have given was when he received a Customs report after the 1995 trial.

Haase and Bennett had pleaded guilty to conspiracy to supply heroin, along with Edward Croker, their first lieutenant.

Haase and Bennett received 18 years and each had £840,000 confiscated. Croker was jailed for 14 years and had £110,000 confiscated. Yilmaz Kaya, 20, was jailed for 20 years and had £200,000 confiscated. Four other Turks were jailed for between four and 14 years for related offences.



The judge emphasised the need for heavy sentences, but after receiving the Customs report, he wrote to Mr Howard requesting authorisation to cut the jail term to five years. With parole and two years served on remand, they were released after serving less than a year of their sentence.

"You're not sure your health insurance will pay my bill, are you?"

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Crime puts death penalty on South African agenda

MARY BRAID
Johannesburg

In an extraordinary turnaround, the African National Congress, which for years lost guerrillas and activists to apartheid hangmen, is reconsidering its opposition to the death penalty.

South Africa's post-apartheid surge in violent crime, which has tarnished the country's image, has spurred ANC policy-makers to make their most radical law-and-order recommendation yet. It came after a special weekend security summit attended by cabinet ministers and grassroots members.

The ANC has always been vociferously opposed to the

death penalty. Hangings were stopped in 1990 when the National Party introduced political reforms, and no one has been executed in South Africa since.

When Nelson Mandela gave his famously defiant speech from the dock in 1964 before being sent to prison, he did it believing he faced the death penalty. But the rethink follows President Mandela's own admission three days ago that crime in South Africa is "out of control".

A series of attacks on high-profile victims in the last few weeks has highlighted the epidemic of murders, violent assaults and car hijacking. The

father of soccer hero Doctor Khumalo was murdered by car-jackers outside his Soweto home and a leading German industrialist was shot in his driveway by carjackers.

This week, the army and air force and 1,000 extra police officers were drafted into Johannesburg as part of a new offensive on crime. It is headed by two former Angolan war veterans who have promised to bring bush combat methods "to the jungle of Johannesburg".

The past few weeks, one of the country's leading judges was robbed in his home, and the Justice Minister, Dullah Omar, was forced to move his family to a safe house following violent

confrontations between drug barons and Asian vigilantes in Cape Town. The vigilantes, frustrated at the government's apparent inability to curb crime, killed one gang leader by setting him on fire.

The security summit has asked the ANC's national executive committee to look at capital punishment again.

Reinstatement would breach the new democratic South Africa's constitution. But the pressure from ordinary people - black and white - on the government to come up with some answers is reaching fever pitch. The decision to make the recommendation drew loud applause from delegates.

QUICKLY

Heart of the matter
A lead casket found during excavations at Melrose Abbey in Scotland almost certainly holds the heart of King Robert the Bruce inside another lead casket, archaeologists confirmed yesterday, although they conceded that absolute verification was not possible. Page 6

Swinging sale
Carnaby Street, once the heart of swinging London, and a shopping mecca for generations of style-conscious youngsters, is up for sale. The street and its surroundings, including 93 buildings, are likely to attract bids of more than £70m. Page 3

Baby breakthrough
Thousands of women could be prevented from giving birth prematurely by taking a simple £90 test - already in use at St Thomas's Hospital in south London - designed to pinpoint those most at risk. Page 3

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news

Golfers take up a watery challenge on the Thames fairway



A golfer on a floating course in London yesterday. It was steered along the Thames to Tower Bridge, London, for today's Alfred Dunhill City Challenge. Photograph: Peter McDiarmid

£15bn go-ahead for Eurofighter

ANTHONY BEVINS and CHRIS GODSMARK

Michael Portillo, Secretary of State for Defence, yesterday committed Britain to spending £15.3bn at current prices on 232 Eurofighters.

The deal for the planes, which are being built by Britain, Germany, Italy and Spain, is said to have secured 14,000 jobs in the British defence industry. That works out at £1m for each job, or £66m for each aircraft.

Labour and the Liberal Democrats locked themselves into the decision, welcoming it as a necessary enhancement of the RAF's defence capability.

The only hint of qualification came from the Liberal Democrat spokesman Menzies Campbell, who confined himself to caution about cost and time overruns on a project that is already £1.3bn over budget and three years late.

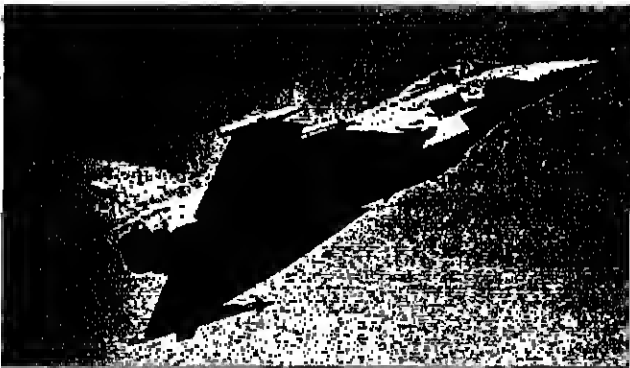
Portillo commits Britain to purchasing 232 aircraft for the RAF, securing 14,000 defence industry jobs at a cost of £1m each

John Weston, chairman of British Aerospace's defence division, said at Farnborough Air Show that the total project would be only 7 per cent over budget. "We think that's not a bad record for a programme of this complexity," he said.

The single-seater Eurofighter made a dramatic debut at the show in front of hundreds of trade and press spectators yesterday.

Inn Turner, the RAF test pilot, was ecstatic about the aircraft's capabilities. "I have to say you really feel like a king in this," he said. "We want someone to come and attack us so you can really see what this aircraft can do."

The project's official title, "Eurofighter 2000", had become something of a joke in the



The Eurofighter: Performance praised by RAF test pilot

industry as the delivery date slipped towards 2005.

British Aerospace, however, insisted that many of the complex computer software problems which have dogged the development have now been

solved. Managers were "absolutely confident" that the first planes bound for the RAF would be in service in 2001.

Though the UK is now apparently behind full-scale production, the Germans have yet

to commit themselves to final orders. The German parliament is due to vote on the project, which envisages 180 Eurofighters for Germany's air force, by the end of this year.

But Michael Heseltine, the Deputy Prime Minister, who opened the air show and who helped to initiate the project in 1983, was confident that the Germans would give the Eurofighter their full backing.

Mr Portillo said: "Today's announcement is excellent news for the Royal Air Force."

"It represents a crucial step forward towards providing them with a multi-role aircraft with the operational flexibility to respond to the uncertain challenges of the next century."

"The four-nation Eurofighter programme will ensure that the European aerospace industry remains at the forefront of technology."

The Eurofighter will be assembled at British Aerospace sites in Lancashire while Rolls-Royce will manufacture the engines, primarily at Bristol and Derby.

Dr David Clark, shadow secretary of state for defence, said: "For too long ministers have played politics with the jobs of our defence workers. The Eurofighter is vital to meet the future requirements of our armed forces."

While the Liberal Democrats joined the uncrinical welcome, Mr Campbell added: "The industrial implications of this project are as significant as the military ones, but the Government must show a higher degree of financial control. Cost overruns on Eurofighter will only damage the rest of the defence budget."

SIGNIFICANT SHORTS

Governors at a Nottinghamshire primary school were meeting last night to try to avert a teachers' strike over a disruptive pupil. Talks between union leaders and the local authority yesterday failed to resolve the dispute over ten-year-old Matthew Wilson.

Members of the National Association of Schoolmasters' Union of Women Teachers (NASUWT) at Manton Junior School near Worksop say they will refuse to teach Matthew who is due to return to school next Monday. Governors have twice overruled the school's head, who tried to expel the boy last term for allegedly disruptive behaviour.

In another case in West Yorkshire, the parents of a 13-year-old withdrew her from school after NASUWT members had threatened to strike over her. *Janet Ford*

Hopes rose of an end to the postal dispute as union leaders decided to postpone a decision on industrial action. The decision came after management claimed that "record" numbers of employees turned up for work during the eighth 24-hour stoppage yesterday by the Communication Workers' Union. The union is understood to have come close on Saturday to ordering a ballot on the latest offer from the Royal Mail after pressure from the Labour Party leadership.

The postal executive of the union was due to meet today to take a decision on fresh disruption, but will now decide on Thursday, following an assessment of the mood of the membership. A month-long suspension of the Royal Mail's monopoly on delivering letters is also due to expire on Thursday. Ministers have warned that more industrial action will mean a further three-month suspension. *Barrie Clement*

The funeral service of vicar Christopher Gray was held yesterday, just yards from the spot where he met a violent death in the grounds of his own church. The Bishop of Liverpool, David Sheppard, told mourners Christopher was "a centre of resistance" to the destructive forces of violence, fatalism and despair. Christopher, 32, died to death after being stabbed in the grounds of St Margaret's Parish Church early on 13 August. A 31-year-old man has been remanded in custody by magistrates charged with his murder.

Some 300 mourners crowded into the bright contemporary church at a busy road junction in Anfield, Liverpool, where the talented young priest had made such an impression during his 15 months as vicar. Another 200 heard a Requiem mass service relayed in them through speakers in the neighbouring parish centre.

The major loyalist paramilitary organisations yesterday denied responsibility for Sunday night's pipe-bomb attack on the parents of an associate of leading loyalist Billy Wright. The parents of Alex Kerr, who like Mr Wright is under a death-threat, were shocked when the explosive device was tossed through the window of their home in south Belfast. They were protected from the blast by a chair.

Mr Kerr is presently held in prison awaiting trial on a charge relating to a loyalist paramilitary organisation. Mr Wright, condemning the attack, declared: "How can they call themselves loyalists if they carry out this attack on loyalist pensioners?" *David McKinnick*

Complaints about noisy neighbours rose by 10 per cent last year, according to the Chartered Institute of Environmental Health. This continues a trend which has lasted for a decade. Britons are increasingly plagued by loud music, barking dogs and the din of DIY activities going on late into the night, and they are more prepared and better informed about complaining to their local council.

The institute's survey of 300 local councils found there were 144,943 complaints last year, or nearly 400 a day. *Nicholas Schoon*

The much-hyped musical *Voyeurz*, notoriously featuring nudity, nipple-clamps and black leather, has been axed by its West End venue after less than two months. The show was conceived by impresario Michael White, who staged *Oh Calcutta!*, and audiences were treated to simulated lesbian sex and exotic outfits at a reported cost of £1m.

Such was the musical's high profile that it attracted hordes of dancers to its West End auditions and won a visit from the actor Jack Nicholson. He appeared in numerous tabloid pictures to be having a whale of a time. But, perhaps as a result of the extraordinary PR effort which won it so much publicity, it was damned by almost every reviewer and has been given two weeks' notice by the Whitehall Theatre. *Marianne Macdonald*

A Benedictine monk who devoted his life to bee-keeping has died at Buckfast Abbey, south Devon, aged 98. Brother Adam, who died on Sunday, became a member of the Buckfast community at the age of 12. Brother Adam bred the highly-productive Buckfast super bee over a 60-year period, travelling 100,000 miles around the world in the process.

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Hi-tech promise of export sales

CHARLES ARTHUR Science Editor

Has the "military-industrial complex" reared its ugly head again in yesterday's £15bn contract to buy 232 Eurofighters? President Dwight Eisenhower coined the phrase 40 years ago, warning Americans that a malign alliance between powerful armed forces and corporations threatened democracy.

The deal announced yesterday guarantees 14,000 British jobs. But as the Campaign Against the Arms Trade was quick to point out, that equates to £1m per job, while the British civilian manufacturing industry

is in a "critical state". Its joint co-ordinator, Will McMahon, said: "Civilian aircraft companies are crying out for government support in a declining world market. Why is the government putting so much support into a military project?"

The quick answers are that it generates huge exports, employs about 160,000 people, and is an arena where Britain has a world lead. The Eurofighter is the most sophisticated aircraft now flying.

It is designed for speed and if its engines failed, it could not glide; it is inherently unstable. The pilot's joystick is not connected to the wings, but to four

flight computers - each able to fly the aircraft on its own.

Inside the cockpit, the technology is even more futuristic. Data is displayed on the cockpit canopy and a voice-activated system knows 200 commands - better than trying to push the correct button in a dogfight.

Even more popular among the test pilots is the "look and shoot" helmet. This projects the radar picture on to the inside of the visor. Just by looking at the target, the pilot can lock the missile systems on it, and then fire by pressing a trigger key.

But the civilian benefit of these science-fiction systems is a long way off. It can take

decades for military technology to reach us; the microwave oven is an example. It came from Raytheon, which developed microwave radar in 1946; the oven took another 20 years.

But the industry is producing fewer and fewer spin-offs as product lifetimes become much shorter: in computers a "generation" lasts just 18 months. Thus while the microprocessors and software controlling the Eurofighter will soon be ancient by computing standards, the pilots can be confident that there is no risk that they will do what so many computers today do - crash. It doesn't hurt a computer. But it would a pilot.

Redwood sees tax cuts as solution to £152bn debt

JOHN RENTOUL Political Correspondent

Conservatives and Labour united yesterday to deny that the state of public finances was "unsustainable", with even the Liberal Democrats admitting their plans for tax rises were "relatively marginal".

Responding to *The Independent's* revelation yesterday that the Government was now £152bn in debt, after having inherited £20bn of assets in 1979, Tory leadership challenger John Redwood repeated his call for the Chancellor to cut income tax to 20p in the pound in November's Budget. "These figures are very sensitive to growth," he said, "and tax cuts are the best way to promote growth and cut unemployment."

Gordon Brown, the shadow Chancellor, insisted that Labour

would only reveal its tax plans after it had the chance to assess the state of the economy for itself. But he went on: "People are starting to see very clearly that the fundamental underlying growth rate of the economy has not been good enough, that the state of the public finances is extremely poor."

He repeated his call for an independent audit of the Government's accounts before the Budget, but a Labour spokesman later refused to accept that the figures meant a Labour government would have to raise taxes.

Malcolm Bruce, the Liberal Democrat Treasury spokesman, said both the other parties were "depending on wishful thinking". It was not possible to improve public services without increasing taxes, as Labour seemed to suggest, nor to cut

taxes without cutting services, as the Tories implied, he said.

The Liberal Democrats say they are prepared to put income tax back up by 1p in the pound to 25p if needed to improve education. But Mr Bruce admitted that, "in relation to the shortfall, our proposals are relatively marginal."

He pledged that his party would vote against any tax cuts in the Budget and warned that Labour was poised to go even further than last year and vote with the Tories rather than simply abstaining. "If Labour do that, they will put themselves several billions of pounds away from the public services they say they want to protect," he said.

Mr Brown was also forced to defend his plan for a windfall tax on the privatised utilities, amid evidence that the Tories intend to sabotage it by forcing the com-

panies to make direct refunds to customers. He said the case for the levy for the specific purpose of cutting "the bills for unemployment" was "overwhelming".

He was speaking after reports that the Downing Street Policy Unit had hired Simon Walker, a public relations expert in the privatised utilities, which revived speculation that water and electricity companies might be forced to make £200 rebates.

But the windfall tax, which Labour hopes would raise £3bn in a relatively painless procedure electorally, is not the only possible hole in a Labour government's finances. Mr Redwood said the Government was still earning £2.3bn a year from privatisation receipts. "That source of revenue is not running out as fast as some commentators think," but it would dry up quickly under Labour, he said.

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news

Simple test could put an end to early births

GLENDA COOPER

Thousands of women could be prevented from giving birth prematurely by taking a simple £90 test, a leading baby charity said yesterday.

Doctors at St Thomas's Hospital in south London are using the foetal fibronectin test - which is already used in the United States - to help detect which women are most at risk of going into premature labour.

Around 40,000 babies are born between the 34th and 37th week of pregnancy each year. Babies born before 38 weeks can face health problems later in life, such as cardiovascular disease, diabetes and hypertension. The cost of keeping such babies alive is also astronomical. It costs around £8,000 a week to keep a baby in a special baby unit and most children stay there for four to five weeks.

Foetal fibronectin is a protein which is found in the vagina of all pregnant women before 20 weeks of pregnancy. But it is not normally found from the 20th week of pregnancy until term. It acts as a "glue", sticking foetal and maternal membranes close together and if it starts to appear in the vagina (detectable by taking a swab), it may indicate future problems.

American doctors have found that the presence of the protein in the cervix or vagina after 30 weeks is an "extremely powerful predictor" of premature labour. If recognised in time, measures can be taken to try to prevent the women giving birth prematurely.

St Thomas's is currently offering the test to women at 24 and 27 weeks of their pregnancy. A quick swab is taken and the results are available after four days. If a woman is found to have fibronectin, she is offered special care at the hospital's new prematurity outpatient clinic.

The presence of fibronectin

can also be a marker for bacterial vaginosis (BV), a bacterial infection resulting from a decrease in beneficial organisms such as lactobacilli, and a host of others. BV is found in 20 per cent of women and St Thomas's carries out a separate test for it. If the result is positive, the infection can be treated with antibiotics and the risk of premature labour reduced significantly.

At the launch of National Pregnancy Week, Lucilla Poston, Professor of Foetal Health who is supervising the projects for Tommy's Campaign, the national baby charity to fund medical research, said that all pregnant women attending the test for BV, which was particularly useful for women with a history of problem pregnancies. They hoped 1,000 women would have taken part in the trial by the end of the year.

Professor Poston said that although the trial was in its early days, it had proved "strikingly successful".

In the US Professor Robert Goldenberg, of the University of Alabama, said that using the test had enabled them to diagnose who was suffering contractions leading to premature birth and who could safely be sent home. He said that the evidence linking BV to premature birth was "so strong. It really is a major public health problem", and that 14 separate studies had linked it to pre-term births.

At present the hospital's research is being funded by Tommy's Campaign but the charity aims to press the Department of Health to provide funding for the tests to be carried out nationwide at the end of the study.

Ultimately, they would be targeted at women with high-risk pregnancies, or those who may have suffered bleeding early on in their pregnancy.



Friendly face: The main reception of the £15m Derbyshire Children's Hospital which opened yesterday - and which may already be under threat of closure. Photograph: Paul Tonge

This is the most advanced children's hospital in the land. It cost £17m to build. Yesterday its closure was mooted on the very day it opened

JOJO MOYES

An award-winning children's hospital, the first to be built in Britain this century, was opened yesterday - under the threat of closure from budget cuts.

The 77-bed Derbyshire Children's Hospital, which cost the National Health Service £15m to build, boasts an innovative approach to the welfare of its charges, and has already won at least one design award.

But even as it conducted its ceremonial opening yesterday, and took in its first ten patients, it has been hit by a funding crisis. Southern Derbyshire Health Authority is being forced to consider proposals to save £10m - and two of the

four proposals recommend closing the hospital.

A public consultation document issued by Southern Derbyshire Health, Health Services in 2000 and Beyond, says that the two general hospitals in Derby, the Derbyshire Royal Infirmary and the Derby City General, are duplicating many services, while the funding system brought in by the Government means that the authority has "less money for new initiatives each year than we used to".

In the document's "Option 2", one of the two proposals which suggest that a single overarching hospital should replace the two general hospitals, a list of "disadvantages" states that the new Children's Hospi-

tal "would not be used" under that option.

The Derbyshire Children's Hospital took two years to build, has the most advanced paediatric equipment in the country, and should be able to treat 35,000 patients a year. Running costs have been estimated at £10m annually.

Wendy Dewe, business development manager at the new hospital, said that medical staff throughout the Derbyshire area had been very concerned by the prospect of closure since the consultation process began last December.

"It's very worrying," she said. "We are just hoping that people will look at what we've got and see that there's got to be a

future for the children's hospital and the Derby City [hospital]." Ms Cope admitted that the services offered by the new hospital were "very similar" to those of other hospitals, but said that its innovative approach to the children's environment made the hospital unique.

"For years and years the guidance has been that children should be nursed in child-appropriate surroundings," she said. "The hospital was built based on research that showed children get better quicker [in a sympathetic environment]."

For that reason, the hospital was designed following consultation with children and parents, and features child-height reception desks and facilities to allow

parents to stay over. "We talked to [schoolchildren], asking what would make the difference. They said children tend to look up at the ceiling or down at the floor so we have special murals and floor coverings around the hospital," she said.

"Everything on the walls is co-ordinated so that it breaks up the clinical look. And we have a fountain, because children said they found the water reassuring."

In the outpatients department, traditional rows of hard seating have been replaced by a "Loch Ness monster" with seating cushions for a spine. Wards are named "Ladybird", "Puffin" and "Snowflower". "Everything is very bright,

very colourful... Signs are done in pictures. There are lots of outdoor play areas. They're all things to take the edge off," Ms Dawe said.

She added that they had been able to make the hospital "so special" because £1.5m of the money used to fit out the hospital, on top of construction costs, had been generated by an appeal conducted by local people. "It's a community-built hospital," Ms Dawe said.

A spokeswoman for the health authority said yesterday. "Any closure would probably be more than 10 years ahead. And it's not definite. That it's going to close - at the moment we're looking at all our hospital services."

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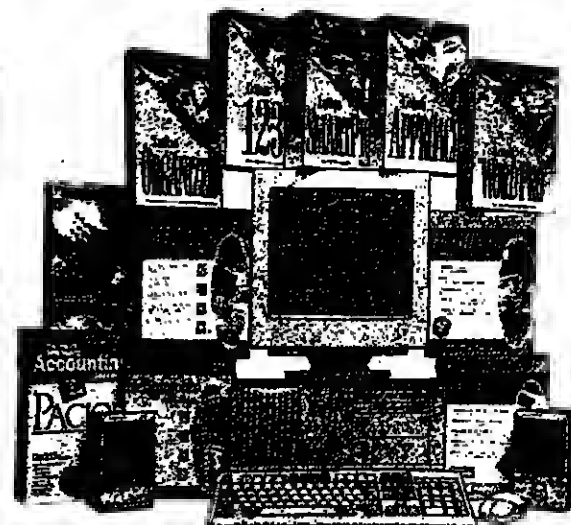
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Mushroom centenarians have a thoroughly rotten time

For a mycologist, even a yellowbrain fungus can be an object of great beauty. Esther Leach reports

It was humid and soggy underfoot, perfect conditions for a fungi foray. About a dozen members of the British Mycological Society were out on a wet Yorkshire hillside celebrating its centenary.

"We don't know what we are going to find, but the heavy rain should bring out some good examples," said Rita Cook, president of the North West Fungi Group.

She and others are spending the week rummaging around grassland and woods for mushrooms and toadstools and taking them back for analysis at Huddersfield University.

"You have to be careful how you dig them up, make sure you get the roots, I smell them and taste them to try to identify them."

"Picking them to eat is generally frowned upon because they are under threat by air pollution. Surveys are being carried out all the time to see how fungi are thriving."

The society is dedicated to the study of fungi and was founded in 1896 at a meeting in Selby, north Yorkshire. Today it enjoys international status.

"Fungi play an important part in clearing the debris in woodlands and countryside. It converts it into food for plants," added Ms Cooke.

"It's all quite fascinating. I think fungi are quite beautiful and some of them have very distinctive smells and tastes."

Superstition and myths surround fungi because one day they're here and the next they're gone," explained Ms Cooke.

"Take the yellow brain fungus for example. They look like small blobs of yellow jelly. People used to say they were the first aliens from outer space to land on earth because they were found where it was believed shooting stars fell. I think that's quite charming," added Ms Cooke.

"I could go on talking about fungi all day..."



Mushroom magic: Peter Johnson joins the Mycological Society's centenary foray at Hebden Bridge, West Yorkshire

Photograph: Peter Byrne

Eat me *Cantharellus cibarius* (Chanterelle). The Latin name means "good to eat". Relatively common in this country, and much in demand for its vivid yellow colour and sweet taste. *Calocybe gambusia* (Saint Puffball). Can be mistaken for footballs, and may grow to weigh up to 25kg. Tasty if picked young, sliced and cooked. *Fluorula aurivellia* (Beadstool Fungus). Found growing on the sides of trees. Eat raw or cooked. Has a slightly lemony taste.

Don't eat me! *Amanita phalloides* (Death Cap). Common in south of England. Amanitin poisoning causes severe stomach upset, and subsequent liver and/or kidney dysfunction. *Cordarius speciosissimus*. Causes Orefarine Syndrome with damage to liver, kidneys and spinal cord. Usually fatal. Found mainly in Scotland. *Amanita muscaria* (Fly's Mushroom). Quite rare. Reported to have a good taste. Symptoms of Amanitin poisoning last after eight hours.

Don't abuse me! *Gyromitra*. Relatively common species of psychoactive fungus which tastes bitter and can cause hallucinations. *Pezizomyces semitarsatus* (Liberty Cup). "Magic mushroom" can be picked and eaten raw without breaking the law, but processing to make the active ingredient psilocybin more potent could be illegal.

See Summers

Policemen behaving badly put women off

Women wanting to join the police are frightened of joining the force due to a macho culture which sees female officers labelled as "dykes, bikes and burglars' dogs".

More than 500 female officers from 44 countries around the world attending the International Association of Women Police conference at Birmingham's International Convention Centre were told of a culture of underground sexism and men-only drinking dens.

Dr Malcolm Young, an anthropologist and former police officer, said anti-sexist measures in the force had only driven chauvinism underground. He claimed that senior officers in Britain regularly referred to police women as "burglars' dogs" and many believed they had no place in the force.

He told the audience, which included delegates from the British Association of Women Police, that some female CID officers were shown hard-core pornography by male detectives so they could "get used to the sort of things they will have to deal with".

He said: "I am a pessimist and the situation will only change if we have a 50/50 ratio of male and female officers. There is a culture of deeply entrenched beliefs that women are marginal."

"Sexism is now underground, normally taking place in the CID pub which is usually full of male officers swapping jokes about their female colleagues and using sexist humour."

"Women are invited to see hard-core pornography as part of their training in CID with the explanation that it will get them used to what they will

have to face," Dr Young, who based his assertions on 11 years of research conducted while serving as a senior officer in the Merseyside and West Mercia forces, said. "The infrastructure is bound in concrete and an underground network has built up in CID pubs where sexist humour prevails."

Catherine Little, a law lecturer at Manchester Metro University, agreed that a macho culture was discouraging women from joining the police.

She said that the police force was based on a "militaristic model" and needed more emphasis on services. "There is a macho view of rough, tough police work which we see every week on *The Bill*, but we know that police work is not only about that."

"Masculine culture intrudes into the private lives of women officers such as speculation over whether she is a 'dyke or a bike'."

"There seems to be some reluctance to fully embrace equal opportunities policies in some forces. Often equal opportunities is the province of the personnel department and is run by civilian employees."

"The culture within the police force is such that there is sometimes a suspicion of civies and so equal opportunities takes a back seat."

And she warned: "Some officers still do not fully realise that certain language and behaviour is unacceptable to female officers. The force must be seen to be openly challenging this kind of locker room behaviour which still exists among some male officers. It is the responsibility of employers to ensure they avoid costly litigation."

DAILY POEM

Desire

By Sappho

It seems to me that man is equal to the gods,
that is, whoever sits opposite you
and, drawing nearer, savours, as you speak,
the sweetness of your voice

and the thrill of your laugh, which have so stirred the heart
in my own breast, that whenever I catch
sight of you, even if for a moment,
then my voice deserts me

and my tongue is struck silent, a delicate fire
suddenly races under my skin,
my eyes see nothing, my ears whistle like
the whirling of a top

and sweat pours down me and a trembling creeps over
my whole body, I am greener than grass;
at such times I seem to be no more than
a step away from death,

but all can be endured since even a pauper...

Sappho, the most accomplished and lyrical of all classical women poets, lived in the city of Mytilene on Lesbos, around 600BC. Her poetry - most of it in fragments - is concerned almost exclusively with women, not only their emotional relationships, but life within the family, religious festivals and the struggles for power between aristocratic factions in Mytilene. Josephine Balmer translated and edited *Sappho: Poems and Fragments* for Bloodaxe (1992), and this year produced a companion volume *Classical Women Poets* (£7.95). It offers surprising and rare insights into the closed world of women in antiquity and is recommended.

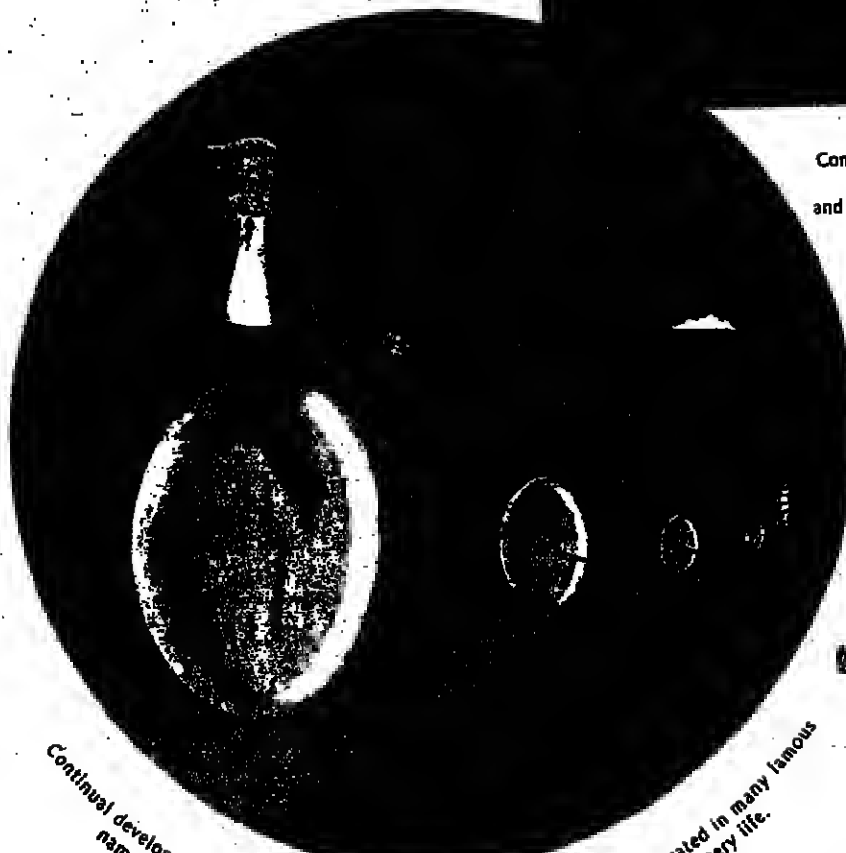
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WHAT'S NEXT?

news

A tiny drill and a fibre-optic cable get to the heart of the mystery of Robert the Bruce

JAMES CUSICK

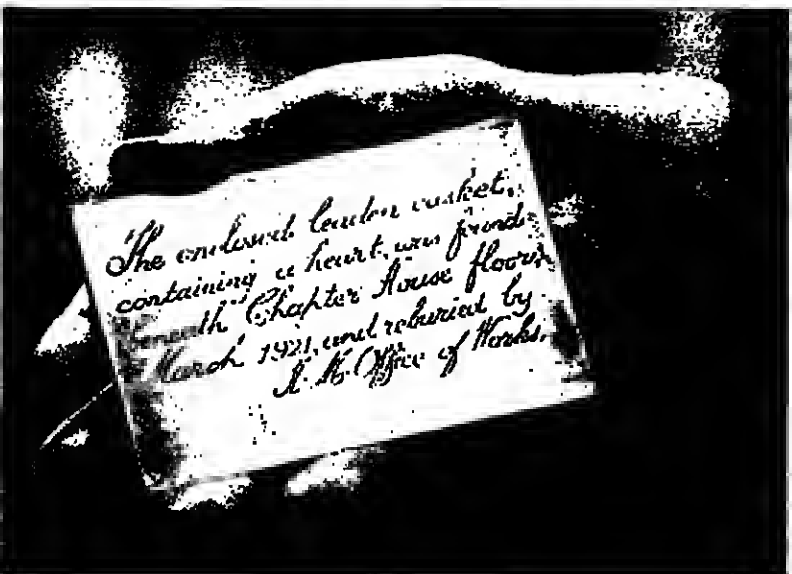
A lead container found during excavations at Melrose Abbey in Scotland almost certainly holds the heart of King Robert the Bruce inside another lead casket, archaeologists confirmed yesterday.

With the world's press anxious for a simple heart-or-no-heart confirmation from the team of conservationists, yesterday's conclusion would not have impressed a Hollywood producer. After drilling tiny holes in the cylindrical lead container and inserting a fibre-optic cable to look inside, the team from Historic Scotland discovered a small second, cone-shaped casket. Inside they also found packaging paper and a small copper plaque from 1921. The plaque confirmed that in that year the cone-shaped container had been found in the floor of the abbey's chapter house "containing a heart". The casket was reburied.

Richard Welander from Historic Scotland said that absolute verification of the contents of the cone container as being the



Moment of truth: Richard Welander and Mandy Clydesdale prepare to remove the cone supposedly containing the heart from the casket, which also held the copper plate dating from 1921 below



'Absolute verification of the casket's contents is not possible'

heart of the king of Scotland who had led his army to victory over the English at Bannockburn in 1314 "was not possible". However he added: "Although we cannot say with certainty this is Bruce's heart, we can say that it is reasonable to assume it is Bruce's heart." Such semantic precision will not worry the Scottish Tourist Board. If it can sell a monster in Loch Ness no one has seen, it can sell the homcoming of the heart of the Bruce.

What is inside the medieval cone-shaped casket will remain a mystery. There are no plans to delve further to analyse what

may be a mummified heart or a pile of dust. As was common when casket burials of parts of the famous took place in the 14th century - such as heads - the lead containers were dipped in pitch or tar to help prevent deterioration. From appearance it would seem the cone-shaped casket has survived remarkably well.

Crowned king in 1304, Bruce died in 1329 at Cardross, Dumfries, possibly of leprosy. He asked for his heart to be buried at Melrose because of his devotion to the abbey. He was buried at Dunfermline but in line with his orders his heart was taken to the Crusades by James Douglas, knighted after Bannockburn. Douglas died en

route, fighting the Moors in Spain, but the heart, according to legend, was eventually buried at Melrose Abbey. Although the excavations at Melrose may have solved one mystery, they have also considerably improved the knowledge of the Chapter House, effectively the business centre of the premier Cistercian home in

Scotland at the time. The austere Benedictine order were influential theologians, wealthy and well respected in royal circles. With Scotland having no defined capital, the court moving to wherever the monarch spent the night, knowledge of the abbey's chapter house is regarded as important. Doreen Grove, Inspector of

Ancient Monuments for Historic Scotland, said: "Our understanding has been greatly improved by the excavations. The Bruce casket was just a by-product of our other work." Although Bruce is reputed to have died of leprosy, DNA tests are being conducted on bone fragments excavated some years ago from Dunfermline to

establish a possible cause of death. A kinsman of Robert the Bruce is Conservative prospective parliamentary candidate for the Liberal Democrat-held seat of Fife North East. Adam Bruce, 28, a solicitor, claims kinship with Robert the Bruce, who had no male descendants, through the king's brother.

"The family has been very happy to see the huge interest there has been in the whole project," he said. "We are glad the casket will be reinterred with due dignity. We hope all this will redress the balance after the unflattering picture that was painted of him in *Braveheart*, where he was depicted as grasping and ambitious and prepared to sell out."



All heart? Richard Welander measuring the cone yesterday

Photographs: Photonews Scotland

Life of the legend

■ His patience and determination are said to have been inspired by watching a spider spinning its web. ■ He was born in 1274 and crowned in 1306. ■ Viewed as a traitor by King Edward I, he was twice defeated in battle in 1306 and three of his brothers were executed. ■ His greatest triumph came in 1314 when an English army heading for Stirling was defeated outside the town at the Battle of Bannockburn. ■ The 1328 Treaty of Northampton recognised him as King of Scotland's independence. ■ He died, possibly of leprosy, at Cardross, in 1329. ■ He was buried at Dunfermline but his heart was taken to the Crusades by James Douglas, knighted after Bannockburn. ■ Douglas died fighting the Moors in Spain, but his heart is said to have been buried at Melrose Abbey.

Schools failing to give parents the true facts

JUDITH JUDO
Education Editor

Most school prospectuses and annual reports are flouting the law, according to a survey from the Consumers' Association published today.

Just one out of 80 primary and secondary schools contacted by the association sent a prospectus and governors' annual report for parents which met all the legal requirements. Headteachers said in response that the association would be better employed deciding how to cut back the excessive and bewildering amount of information that schools now had to give parents.

The survey says schools are missing out even the most basic information such as exam results, admissions policies and the type of school. Four schools provided no information in their prospectuses about GCSE and A-level results. A third of

the secondary and half of the primary schools failed to give details of national test results. In addition, around 40 per cent of primary school governors' reports did not give test results and one in four secondary reports did not give absence rates. One report observed only two legal requirements.

Overall, 130 out of the 141 documents received did not comply with the law.

During the last decade, the Government has made regulations stating that schools must include information in their prospectuses and governors' annual reports about issues ranging from sex education and truancy to the destination of school leavers. These are summarised in the Parents' Charter. Philip Cullum, the association's policy manager, said: "Our findings are extremely disappointing. There has been little sign of improvements since we conducted similar research

three years ago - non compliance is widespread. Parents simply aren't being given enough information to help them choose their child's school and to hold the school's governors to some account. The best schools managed to sound welcoming but the worst almost implied that parents were an unavoidable inconvenience, rather than encouraging them to be more involved with their children's education."

Governors' reports had been required for 10 years, Mr Cullum added, but practice had not yet made them perfect.

Around half the reports failed to say when the next parent-governor elections were. Almost half the secondary school prospectuses did not include all the required information about admissions, and 42 did not even mention how parents could visit the school.

The association complains: "The presentation of the in-

formation varied greatly with almost illegible typeface in some instances. Educational jargon cropped up too often as did legalistic language."

David Hart, general secretary of the National Association of Head Teachers, said: "The vast majority of schools do their best to comply with the legal requirements."

"Omissions are accidental not deliberate. There is a grave danger that the amount of information schools are required to turn out will lead to a great big switch off among parents who need information in a more digestible form."

David Blunkett, the shadow Education Secretary, yesterday accused the Government of stealing Labour's plans for testing five-year-olds. He said government proposals to be announced today had been pilfered in Labour authorities such as Birmingham, Barnsley, Newcastle and Sheffield.

Faded cheerleader of the Tories tilts towards Labour

ANTHONY BEVINS
Political Editor
MARIANNE MACDONALD
Media Correspondent

A tilt towards Labour and more even-handed political coverage are being encouraged at the *Daily Express*, previously the most slavish supporter of the Tory cause. Yesterday sources said there had been a change in the "taste", or culture, of the paper's political coverage, giving Labour a much fairer crack of the whip over recent weeks.

One well-placed source said the paper was drawing attention to, and approving of, "the new, tough Blair". But an extra touch had been introduced by the new editor, Richard Addis: a more right-wing approach to the Conservatives, which means a more critical stance towards John Major. "That means that while Blair is being portrayed as the

tough guy, Major has become the wimp," the source said. Because of the secrecy surrounding the relationship between proprietors, or management, and editors of papers, it is difficult to pin down the cause of the change in the paper's stance.

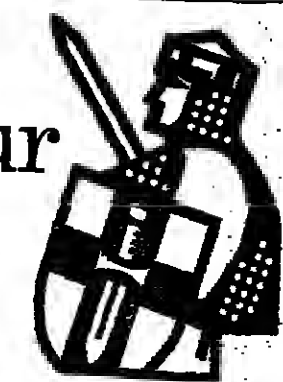
Some insiders argue that while there is no question of it backing Labour at the election, *Express* readership has become too skewed towards Tory supporters. The latest MORI analysis, for April-June, suggests just over half of *Express* readers are Conservative, compared with 45 per cent for the *Mail*. More remarkably, the figures say, 38 per cent of *Mail* readers are Labour, compared to a third of *Express* readers.

Some *Express* executives have said they want the Labour proportion lifted. Whether that can be done by changing the

tone of a paper's political coverage is an open question. It is also possible the reason is being given as an excuse for a politically motivated change by the new management following the merger between United News and Media with Lord Hollick's MAI in February.

At the time, analysts were sceptical that UNM's Lord Stevens, an out-and-out Conservative, would win a power struggle with the Labour peer. And so it has proved. In May, Lord Hollick appointed Stephen Grabiner, managing director of the Telegraph group, to the same position at the *Express*. His background is in marketing and accountancy, and his brief was to find ways of restructuring the *Express* and *Sunday Express*, whose circulation had plummeted since the 1970s.

He called in Collinson Grant, a Manchester-based manage-



ment consultancy, who are thought to have recommended that the two papers merge to form either a full, seven-day operation or a five-and-two-day operation.

Current speculation is that Sue Douglas, *Sunday Express* editor, will lose out in the power struggle, and that Mr Addis will be left in overall charge, with his even-handed approach to Labour.

That result could be guaranteed by reports that Lord Hollick will only agree to spend money on critical promotion of the papers if he is convinced the "product" is right.



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Public bring century's top authors to book

Readers asked to nominate their top five books, writes David Lister

The reading public's nominations for the "best books written this century" are being sought in the biggest survey of its kind.

Waterstone's bookshops, in conjunction with Channel 4, yesterday launched the survey to find the 100 most popular books published since 1900. Ballot boxes are being placed in all 100 Waterstone's shops in the UK and Ireland.

Readers are asked to nominate five titles and to say in 50 words why one book, in particular, stands out above the rest. The survey is not only potentially larger than any previous effort, but, unusually, it includes all genres – not exclusively novels. So children's books, cookery books, science, history – even *The Highway Code* – can be nominated.

At the same time, Channel 4's



LITERARY EDITORS CHOICE

Book Choice is broadcasting 15 programmes in which authors and celebrities talk about their own favourite books of the century. In that series, Jackie Collins nominates Enid Blyton's *The Magic Faraway Tree*; Will Self chooses JG Ballard's *Crash*;

and Ruth Rendell pumps for Ford Madox Ford's *The Good Soldier*.

Martin Lee, marketing director of Waterstone's, said yesterday that the real attraction of the project was that it would reveal the public's choice for the

first time. Previous lists of best books had largely been determined by literary critics, whose tastes were not necessarily the same as that of the public.

"We've been extremely anxious to find this out for some time," he said. "We really don't

know what public taste genuinely is. There's a school of thought among our managers that this list will show that the books at the top of the list will be those that were on reading lists at school and had a formative influence on readers,

books such as *The Catcher in the Rye*, *Catch-22* and *1984*."

Mr Lee added that the public was also free to nominate books outside the fiction category: "Road atlases and maps sell in large numbers in bookshops, but are not convention-

ally thought of as books." The results of the public vote will be announced next January.

Last year, the BBC's literary programme, *Bookworm*, asked viewers to telephone in with the name of the book they had enjoyed most in 1995. The winner

was *Birdsong*, by Sebastian Faulks. A previous Mori poll on reading habits for that programme found 24 per cent of people regularly read non-fiction, with romances, enjoyed by 19 per cent, the most popular fiction choice.

SCREEN WATCH



Jones the Toad: Terry Jones is writer, director and star

The Wind in the Willows astonishingly has never been made into a film – until now. The force behind the new project is former Monty Python man Terry Jones, who has adapted Kenneth Grahame's book, directs, and plays Mr Toad into the bargain.

Jones has assembled his friends, who are also some of the best British comic talent – John Cleese, Michael Palin, Steve Coogan, and, notably, Eric Idle, who gives a delightfully whimsical performance as Ratty. The film, which will be released in October, is disappointingly a little short on the magic of the original, but its indulgence in special effects and quick-fire humour may find a receptive children's audience.

Terry Jones himself speculates that the book has never been filmed before because it is "too placid and episodic". He adds that before he embarked on the film, he had never read the book. Now that's what I call a deprived childhood.

One of the first films to be partly financed by the National Lottery began shooting yesterday.

Downtime, a co-production of the Newcastle-based Pilgrim Films, London-based

Scala Productions and IMA Films of Paris, is directed by Bharat Nalluri and stars Paul McGann and Susan Lynch.

Two lovers are trapped in the lift of a decaying tower block with a child and an elderly neighbour when the lift shaft catches fire. "So begins a nail-biting white-knuckle ride," the producers promise. It sounds rather like a Tyneside version of *The Towering Inferno*, though that movie, not depending on lottery money, didn't promise "an authentic portrayal of current social issues".

The shooting season evidently started in earnest yesterday. Also on location in the UK were Sir Ian McKellen and Kathy Bates in Beeban Kidron's new film *Amy Foster*, an adaptation of Joseph Conrad's short story. The director had her first major international success with the television adaptation of *Oranges Are Not The Only Fruit*.

The film charts the affair of a young servant girl and her immigrant lover, the sole survivor of a ship bound for America. It is the debut feature of Tapson Steel Films, and lacking any real exploration of current social issues, missed out on lottery finance.

David Lister



Shooting in Britain: Kathy Bates, star of *Amy Foster*

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Crisis in northern Iraq: Saddam's men slaughter Kurdish rivals as they pull back ■ Pressure mounts on West to take action

'Bloodbath' in Arbil in wake of Iraqi attack

JOHN LICHFIELD
London
DAVID USBORNE
New York
RICHARD LLOYD PARRY
Tokyo

Saddam Hussein's troops pulled back from the city of Arbil yesterday, leaving their new-found Kurdish allies in control and, according to one account, carrying out mass killings of rival Kurds in the streets.

Turkey and other governments welcomed the withdrawal as the beginning of a resolution of the crisis in northern Iraq. But other sources said Iraqi forces remained just outside the city and in *de facto* control.

The Foreign Secretary, Malcolm Rifkind, suggested a continued Iraqi military presence near Arbil would invite a Western response "sooner rather than later". A withdrawal was insignificant unless the troops moved at least 50 miles away.

Baghdad had earlier announced the removal of its troops, who captured Arbil at the weekend in a two-day combined assault with their former enemies in the Kurdistan Democratic Party (KDP). But the rival Kurdish faction, the Patriotic Union of Kurdistan (PUK), insisted the Iraqi soldiers were still present and massacring its members.

The PUK spokesman said: "Iraqi troops have committed mass executions in Arbil of PUK members - some of them have been executed in the streets. A few hundred have been killed. Many hundreds have been arrested."

As Western governments considered their response, doubts remained about the precise status of Arbil under the terms of the "safe haven" for Kurds declared after the Gulf war in 1991. The city was not in a zone placed off-limits to Iraqi troops by Western gov-

ernments following a resolution by the United Nations Security Council. But US officials said it was within a "no-fly zone" declared later and insisted the spirit of UN resolutions protecting the Kurds should apply.

Fighting between the Kurdish factions, rivals who have shifted alliances between Iraq and Iran, ignited in mid-August despite US efforts to broker a ceasefire. The KDP, under Massoud Barzani, looked to President Saddam after the PUK reportedly gained backing from Iran. The PUK leader, Jalal Talabani, has said Iraqi Kurdistan



Rifkind: He believes that the West must respond

could split into pro-Iraq and pro-Iran regions if Washington and its allies do not respond.

Efforts to convene a session of the UN Security Council were bogged down yesterday as diplomats struggled to assess whether there had been any explicit violation of UN resolutions. Doubts were being expressed privately as to whether there would be enough support in the Council for serious UN action against Iraq beyond the usual words of condemnation. Russia and China, both permanent Council members, would be likely to oppose any military response, sources said.

The focus of attention at the UN is Resolution 688, which calls on Iraq to end all repression of its Kurdish minorities and to respect their human rights. It was on the back of this resolution that the US and its allies established a "safe haven" north of the 36th parallel.

The allies may argue that Baghdad has already violated Resolution 688 by its actions at the weekend. In theory, any "material breach" of the UN resolutions could open Iraq to reprisals, up to and including military action.

But the case is weakened by the vagueness of Resolution 688, which does little to define what would constitute repression by Baghdad. Still more discouraging for the Americans is the likely resistance of some in the Security Council, notably Russia, which has already called for restraint. "If they (the US) do take military action, it is more likely that they would do so on their own and come before for the approval of the Security Council after its all over," one diplomat suggested.

Speaking in Tokyo after meeting his Japanese opposite number, Mr Rifkind hinted that the Government was in favour of some punitive response to the Iraqi assault. "We know perfectly well that his [President Saddam's] objective is to use any opportunity that presents itself to establish control over the Kurdish areas ... His initial objective has to be to regain what he has lost as a result of the Gulf War ... He will be in a stronger position to contemplate aggression against other countries if he has control over the whole of Iraq itself."

British sources said President Saddam's posture since the Gulf war had been to push the international community whenever possible and see how far he got. If not stopped now, he would push further and further.



Short rations: The scene in a market in central Baghdad yesterday where the news of the UN delaying the food-for-oil deal has seen a sharp rise in food prices

Tehran blames US for fighting

SAFA HAEFI

Iran has accused the United States of "aiding with Iraq" in the "killing and suffering" of the Kurdish population of Iraq.

In a commentary which reflects the views of the Iranian clerical authorities, Tehran Radio said both Washington and Baghdad have "common interests" in the suppression of the Iraqi Kurdish populations.

The station said: "The clashes in northern Iraq are not the fruits of Iran's intervention but those of Washington's secret attempts to block Iran's diplomatic effort in northern Iraq." It said that Saddam Hussein's military intervention in the American-protected zone north of the 36th parallel was carried out with the "full knowledge" of the US. "That explains why it took the White House three full days before they gave Baghdad a warning; and anyway, Saddam had stated from the outset that he would not remain long in the area," it added.

What makes the situation in the protected zone more complicated for US policy-makers is that the Patriotic Union of Kurdistan (PUK), which is backed by Tehran against the Kurdistan Democratic Party (KDP), also enjoys Washington's favour.

Tehran last month took advantage of the fighting, which has left more than 2,000 dead, by bombarding strongholds of the Democratic Party of Iranian Kurdistan (DPIK) inside the protected zone.

To add to the confusion, Iranian leaders have also created their own Kurdish parties in Iraqi Kurdistan, including the Kurdish Hizbollah.

The radio commentary concluded: "From the beginning [of the fight between the two Kurdish factions] Iran started an all-out humanitarian effort to end the bloodshed and ... was able to establish a fragile peace. But Washington's untimely reaction to that success ... led the White House to renew the fighting and encourage Saddam into new ventures."

Bemused Clinton pressed to act

RUPERT CORNWELL
Washington

President Bill Clinton's senior foreign-policy advisers buddled in the White House yesterday to decide a response to Saddam Hussein's latest aggression as pressure mounted on the US and the Western allies to push him for his incursion into the weekend into the Kurdish "safe zone" in northern Iraq.

Last night there was still no firm pointer whether Washington would opt for a military or a diplomatic reprisal - or a combination of both - but calls are multiplying that without stern action, allied credibility in the region would be severely dented. Nor was it clear whether the Iraqi dictator had pulled his forces back from Arbil to south of the 36th parallel.

US officials believe some pull-back is taking place but, as always, are sceptical of any pledge from Baghdad; in the

words of one, "it appears to be a redeployment rather than a withdrawal". US forces in the region, more than 200 aircraft and 23,000 men, remain on high alert. Four B-52 bombers have been repositioned in Guam for possible use against Iraq and troops and aircraft in the US are on standby.

Washington's war of words continues, in the same vein as in previous comparable skirmishes with President Saddam since his defeat in the 1991 Gulf war. The challenge would not go unanswered: "Because he's prone to miscalculation," Mike McCurry, the White House spokesman, said yesterday, "that might lead him to believe he can do other things that are clearly unacceptable."

But several factors complicate the issue. One is the problem of devising a satisfactory military response. The dispatch of ground troops is unlikely, experts say, because of the remote

and difficult terrain in the region, while the use of air power against Iraqi armoured units could cause casualties to the Kurdish civilian population.

The Clinton administration must also weigh the impact of the new Islamic-led government of Turkey, as well as the fact that the region's Kurds are split between pro-Iraqi and pro-Iranian factions.

Against that, however, it must guard against any hint of irresolution against Saddam being exploited by the Republican presidential candidate, Bob Dole.

Indeed, Mr Dole said at a weekend election meeting that President Saddam "has been testing American leadership and finding it weak". He accused the administration of "delegating the problem to low-level officials" whose "inaudible warnings" had naturally been ignored by Iraq. To which Mr McCurry retorted that it was

time for the country to speak "with one common voice".

Some analysts here argue that whatever punishment be incurred, President Saddam has already scored a points win in his latest confrontation with the West. He has shown he is still a force in his own backyard and succeeded in preventing the formation of a united Kurdish movement in Iraq, which had been a prime diplomatic objective of the US.

The dilemma was summed up by a *New York Times* editorial yesterday. The US "rightly" opposed the permanent partition of Iraq or the creation of an independent Kurdish state. But it was dealing with an irrational adversary. Faced with Washington's threats, "a minimally responsible Iraqi leader would back off to spare his people unnecessary further suffering". But Saddam had failed that test in the past "and may do so again".

Money marks Ukraine's identity

TONY BARBER
Europe Editor

Ukraine launched a new currency, the hryvna, yesterday in an effort to consolidate national independence and demonstrate the government's commitment to sound economic policies. The hryvna replaces the karbovanets, a temporary coupon that was introduced in 1992, shortly after Ukraine gained independence amid the collapse of the Soviet Union.

Many exchange offices in Kiev failed to open on time yesterday morning because they had no new banknotes to distribute. Many stores were also closed because shopkeepers did not have enough new money to give out as change.

Nevertheless the hryvna's appearance marks an important step forward in Ukraine's progress to full-fledged statehood. Another milestone was passed last June when parliament adopted a new constitution, replacing an amended version of the 1978 Soviet constitution that had been in force since Ukraine's declaration of independence in August 1991.

In a gesture of Western support for Ukraine, Chancel-



New for old: A woman at Kiev's central post office collects her pension in the new hryvna

laryna. Mr Lazarenko's government is initially setting the hryvna at 1.75 to the dollar, but may emulate Russia in creating a flexible "corridor" exchange rate. This permits a gradual decline in the currency's notional value, within limits determined by the government's anti-inflationary policies. The strategy has proved a success in Russia since the rouble was placed in a "corridor" trading range against the dollar in July 1995.

Speaking on national television before the currency reform, Mr Lazarenko urged Ukrainians not to be tricked by money-changers into swapping their currencies at an unfair rate. "There is no need to play into the pockets of commercial banks and commercial structures with your rash actions. They seek to make additional profits from everything the government does," he said.

The hryvna's introduction was made possible by help from the International Monetary Fund, which arranged a \$867m (£560m) stand-by credit last April in return for a government commitment to introduce market reforms. Ukraine is hoping for a \$1.5bn stabilisation fund from the IMF to strengthen the new currency.

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هكذا من الأصل

test to take action

Tehran blames US for fighting

SAFA HAERI

Iran has accused the United States of "deliberate aggression" in a statement which says the Islamic Republic is "not a party to the Gulf War". In a statement, the Islamic Republic says the US is "the aggressor" in the Gulf War. The statement says the US is "the aggressor" in the Gulf War. The statement says the US is "the aggressor" in the Gulf War.

Labor Day gets race under way

RUPERT CORNWELL
Washington

For the United States, it is the bitter-sweet holiday which bids a wistful goodbye to summer. But every four years, for the presidential candidates and their running mates, and the small army of reporters who will accompany them for the next two months, it is the kick-off for the most gruelling election campaign yet devised by man.

Yesterday, both President Bill Clinton and his Republican challenger, Bob Dole, obeyed the Labor Day tradition: the incumbent on the hustings in the key industrial state of Wisconsin, his opponent at a rally in St Louis at the 600th high arch on the banks of the Mississippi river, symbolic gateway to the West and (Mr Dole fervently hopes) gateway to the swing

THE US PRESIDENTIAL ELECTIONS

state of Missouri and to final victory on 5 November. For both men it is the last election, hard though that may be to believe of that compulsive and hugely gifted campaigner Bill Clinton, at the tender political age of 50. As for Mr Dole, at the age of 73 he has, in his own words, "nowhere to go but the White House, or home".

And it is to the latter that the Republican presently looks to be heading. Mr Clinton starts with all the high cards, and every precedent argues for his reelection. For one thing, incumbents who avoid a serious challenge in the primaries

invariably win. So do those presiding over an economy growing - as did the US's in the second quarter - at 4.8 per cent a year. Polls since last week's convention in Chicago put his lead back at 15 to 20 per cent, virtually cradling whatever "bounce" Mr Dole took with him from San Diego a fortnight ago. Never in modern American history has such a deficit at Labor Day been reversed in the following two months.

Admittedly, Gerald Ford in 1976 and Hubert Humphrey in 1968 came close after emerging from their respective conventions far behind. But both failed. And even in the most legendary comeback of them all, Harry Truman's against Thomas Dewey in 1948, the largest measured lead of the Republican was 13 per cent. And Truman was an incumbent president.

To turn history on its head, the conventional wisdom says, Mr Dole must have some help from outside - a Wall Street crash (unlikely), a foreign policy calamity (Iraq thus far is not measuring up), or a scandal that engulfs Mr Clinton (despite Whitewater and Dick Morris, nothing in prospect of the scale required). In terms of regions, and the individual states whose electoral college votes formally determine the winner, Mr Clinton's position looks equally unassailable. On both coasts he is far ahead: in the East, he is poised to carry every state from Maine to Maryland, with the possible exception of New Hampshire. On the other side, Washington, Oregon and above all California, whose 54 electoral votes are on their own one-fifth of the 270 needed to win, look solid.

Mr Dole can count on most of the South, although Mr Clinton should win in at least his native Arkansas, perhaps Tennessee, and is competitive in Florida which no Republican can afford to lose. Almost certainly, Mr Dole will carry the central tier of Plains states, north and south of his native Kansas, as well as most of the Rocky Mountain states. And if the race does become close, it will be decided in the arc of old industrial states from Wisconsin through Illinois, Ohio and Michigan to Pennsylvania - in every one of which the President now enjoys a handsome lead. If the election were held tomorrow, one study says, he would win an electoral college landslide of 409 to 126.

The presence, too, of the independent Ross Perot works to Mr Clinton's advantage. The Texas billionaire has yet to find a vice-presidential candidate for

the Reform Party ticket, and his first 30-minute television "informational" this weekend went by almost unnoticed. But even if he wins half or less of the 19 per cent he took in 1992, the bulk of those votes are expected to be at Mr Dole's expense.

Mr Perot's strongest issue is the deficit, and in Sunday's broadcast, he took direct aim at Mr Dole's promise of a 15 per cent across-the-board tax cut, describing it as a re-run of the supply-side "voodoo economics" of the Reagan era, which had helped run up the national debt to \$5,000bn (\$3,300bn).

Small wonder the Dole camp is desperately trying to keep Mr Perot out of the three presidential debates this autumn, the first of them in St Louis on 25 September, and that Mr Clinton's aides are trying equally hard to have him take part.

The Japanese cult guru Shoko Asahara and two of his followers were ordered to pay nearly \$7.5m (£4.8m) in damages to victims of the nerve gas attack on Tokyo's subway last year. Since Asahara's Aum Shinri Kyo cult has already been ordered to disband and has been declared legally bankrupt, it is very unlikely that the damages will be paid. The morning rush-hour attack left 12 people dead and thousands ill. AP - Tokyo

Boris Yeltsin, the Russian President, met his Prime Minister Viktor Chernomyrdin yesterday to discuss the peace deal struck by General Alexander Lebed with the Chechen separatists. The news agency Tass quoted Mr Yeltsin's press office as saying the meeting took place at a hunting lodge outside Moscow where the President is on holiday. The meeting took place amid persistent rumours that Mr Yeltsin had again fallen ill after two minor heart attacks last year. Reuter - Moscow

The head of Sweden's reformed Communist party has admitted that she has a drinking problem. Gudrun Schyman, who heads the Leftist Party - which has 22 seats in the 349-member parliament - told nationwide television she has "problems with alcoholism" but does not intend to resign as party leader. "I don't have a problem every day," the 47-year-old politician said. "For long periods, I don't have any problem at all. But there are periods when I lose judgement." AP - Stockholm

The last 500 Vietnamese refugees in Indonesia left for home, emptying an island camp that over the past two decades housed 120,000 boat people fleeing war and Communist rule. Indonesia and other South-East Asian countries have been expelling their remaining refugees and closing their camps under a United Nations programme that has returned 82,000 people to Vietnam. AP - Jakarta

Jordan will put on trial between 30 to 50 men for alleged involvement in riots after the government doubled bread prices last month. Many of the men are members of the Jordanian Arab Socialist Ba'ath Party (JASBP), blamed by the government for instigating Jordan's worst civil disturbances in seven years, and other activists who took part in torching and damaging public buildings and banks. Reuter - Amman

Spain's Supreme Court is considering indicting former Prime Minister Felipe Gonzalez as part of its widened probe into alleged government death squads that targeted Basque separatists, the newspaper El Pais reported. However, the daily said most justices are leaning against either indicting or summoning Gonzalez, who was prime minister from 1982 until last year. AP - Madrid

The rare green turtle was spotted for the first time in many years laying eggs on the beach on the southern side of Lamma Island, near Hong Kong. But conservationists' delight soon turned to fury when they realised the turtle's eggs had been stolen by a passerby after the reptile returned to the water, said Fraser McGilvray, spokesman for the Hong Kong Marine Conservation Society. Reuter - Hong

Home-town heroes bring the politics closer

★ TEXAS TALES

Elaine Davenport charts her state's progress during the run-up to the US elections

When I vote on 5 November in the small gymnasium of the local elementary school in my neighbourhood in Austin, Texas, my ballot will start with a choice between Bill Clinton and Bob Dole for United States president. That race - for the top position in the most powerful country in the world - will get most of the headlines here and abroad and is, I admit, relatively important.

But no matter what happens during the next eight weeks in the presidential race, all politics are essentially local and by far the juiciest fights will have taken place much further down the ballot. The winners of the other contests will be making decisions that affect my life, and the lives of the nearly 1 million of us living in the Austin area.

Ballots in Travis County will have contested races for three Texas Supreme Court positions, three Court of Criminal Appeals places and three seats in the state legislature. Also up for grabs are sheriff, district attorney, district judge, tax assessor-collector, a seat on the state Railroad Commission and one on the Board of Education. So far the Texas race that has captured the most attention is for US senator. Both our current senators are Republicans. The term of Kay Bailey Hutchison, the former university cheerleader turned conservative politician, is not up this year. But Phil Gramm, who ran for the Republican nomination for president earlier this year and pulled out when most voters around the country chose Mr Dole, is fending off a storybook challenge from Victor Morales.

Mr Morales is not a politician



Battle ground: Like voters everywhere, those in Austin, the second largest state capital in the US, are influenced by local issues

but a government high school teacher from Crandall in south Texas. He won the Democratic nomination by driving all over Texas in his pick-up truck, shaking hands and listening to people. The technique is reminiscent of Texas's best-known politician, Lyndon B Johnson, also a Democrat, who became president when John F Kennedy was assassinated in 1963. Farmers in the hill country where LBJ was born and first campaigned remember him driving full tilt along country roads, leaping out of his vehicle and striding across their fields to shake hands and talk a spell.

The technique must still work for Mr Morales, upset incumbent Democratic congressman for the November ballot spot. His candidacy is inspiring unusual passions. One

Austinite I know who is best described as a proper little old lady did volunteer work for Mr Morales and claims to have got drunk and danced all night when he won the primary. Her friends were astounded: she says she liked Mr Morales' smile. His ancestry appeals to the state's Mexican Americans who will be in the majority in less than a generation and who are still under-represented politically. His pick-up truck appeals to the rural, conservative, white male voter. His underdog candidacy appeals to voters who are tired of life-long politicians.

His lack of funds - he began on \$8,000 (\$2,300) of his \$10,000 life savings - is in dramatic proportion to Mr Gramm's \$83.5m. Mr Gramm is well known for accepting special interest money; Mr Morales is famous for accepting \$15 at a time to fill his petrol tank and get him to his next stop.

Not so long ago Austin would have been solid Morales country. The state capital and home of the University of Texas was rightly considered by the rest of the state to be a bastion of liberalism. But that is changing, as massive population growth in the area brings in more middle-class, white conservative voters. Today the odds are about even that a Republican will win.

Yet voters in Austin - or anywhere in the US - are looking for candidates who seem to think like they do on local questions such as clean water and air, bus services, how Texas will interpret new federal immigration and welfare reform rules, whether to allow convicted sex offenders who have served their time back into the community, affirmative action, whether to endorse English as the official language or how to deal with increasing rate of juvenile crime.

The passion that local issues can evoke is seen in the race for district attorney. Democratic incumbent, Ronnie Earle, has incensed some of the African-American community by obtaining the conviction of a

12-year-old poor black girl for "injury to a child" in the death of a two-year-old who was in her care. Mr Earle is accused of playing politics with the case. Help with the girl's appeal is being organised.

The Democratic lesbian lawyer running for Travis county sheriff is also unlikely to go unnoticed. No doubt we will hear more about her and others in the coming weeks.

John Carlin

Where the Stars and Stripes only flutters to deceive

MIAMI DAYS

The United States has been suffocating. Not through the heat, which has been remarkably benign in most areas, but the God-bless-America patriotism. The Olympics were had enough, but what did it was the party conventions. The Stars and Stripes ties, shirts, sequined waistcoats the delegates wore: the speeches about the American Dream, about America the greatest country in the history of the human species, America "the last best hope for mankind", and so on.

Desperate for a breather, I flew south to spend a couple of days in Miami. Now, yes, of course, it does say on the map that Miami is a part of the US. But it actually isn't. It's the capital of Latin America.

Don't be fooled by the sight of the enormous US flags that flutter alongside the highway leading out of the airport into town. It's all show. A pretence the natives put on to pacify visitors from the north, whom they commonly refer to as "stupid gringos". Look at the street signs and you'll read names like Granada, Sevilla, Ponce de Leon. Turn on the radio and see if you can find any variations on the salsa theme. The closest you get is Gloria Estefan singing English lyrics to a Latin beat. In Miami, the lingua franca

is Spanish. The staff at hotels and restaurants speak just enough English to accommodate the needs of tourists - just as in Mexico. But try to explain to a bellboy that the plumbing doesn't work, or ask for your waiter to expand on the ingredients in "tonight's specials", and you'll get dumb stares.

The people who run the city, from the mayor down, are Cubans. The Miami Herald has a Spanish supplement called El Nuevo Herald which is faster than the rest of the newspaper. The other Miami newspaper, published in Spanish, is called El Diario de las Americas.

I was told by a friend I had last seen on a previous trip to Miami eight years ago that the Hispanic stranglehold had tightened in the intervening years. The number of people who speak Spanish at home had risen to more than a million, or nearly 60 per cent of the population. And unlike Los Angeles, or other border cities where Hispanics live in great numbers, those on the top economic rung are Spanish-speakers.

Which reminded me of a high society party I attended in Miami on my earlier visit. I re-

member thinking that if you were of European descent and would like to have a flavour of what it was like to be black in Potgietersrus, Northern Transvaal, under apartheid, this was the place to be. It wasn't that I was scorned or snubbed. It was worse. It was as if I wasn't there. I caught a glimpse of the local aristocracy last week as I was checking in at my hotel. Behind me in the spacious lobby, an olive-skinned girl in her teens was posing for a photographer alongside a pillar and a vast bouquet of flowers. She was wearing a long, off-the-shoulder satin gown - a wedding dress in pink. But she was too young to be getting married. Too young to be assuming a demeanour so haughty for the camera.

I'd never seen this anywhere else in the US, but I knew, having lived most of the Eighties in Latin America, that the girl was celebrating her 15th birthday. Evidently, somewhere else in the hotel, a big party was being held in her honour.

In Latin American countries it is a very big deal when a girl reaches 15. Parents will go to great lengths to make sure they mark this female variation on

the bar mitzvah in appropriately splendid style. I once attended such an event in Mexico. The family were poor but they were hosting a banquet fit for a pharaoh. Someone explained to me that the father had, as the Mexican saying goes, "flung the house out of the window". Which meant that he had spent every last penny he had to convey the required impression of affluence and paternal devotion. It's this kind of attitude towards money that makes countries such as Mexico great in spirit, but bankrupt - congenitally incapable, it would seem, of the thrift on which the wealth of its mighty northern neighbour is built. However, once those same people come to the US, it starts that they sober up and start behaving according to local rules. Otherwise how to explain the opulence of Miami?

How, for that matter, to explain a giant electronic screen on Highway 95 ("la Noventa y Cinco") advertising holidays in Alaska? It could only have meant one thing. Alaska is an even better place than Miami to escape the claustrophobia of American campaign politics, two months of which we shall be obliged to endure between now and 5 November.

John Carlin

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Middle East accord: Israel rejects Arafat's call for international arbitration as negotiators fail to agree over summit

PLO leader seeks help to revive peace talks

YAFAT AMR
Reuters

Jerusalem — Yasser Arafat said yesterday that he might seek international arbitration to keep the peace process with Israel alive.

The suggestion came after Israeli and Palestine Liberation Organisation negotiators again failed to reach agreement on resuming full peace talks, or on signing a first summit between Mr Arafat and the Israeli Prime Minister, Benjamin Netanyahu.

Asked about the Palestinian president's comments, a spokesman for Mr Netanyahu rejected arbitration and said the Palestinian leader was trying to ensure Israel as negotiators sought a formula for resuming full-fledged peace talks.

"We are committed to the peace process and we are seeking through all means to maintain and protect it and in case of difficulties, we are going to seek arbitration," Mr Arafat said. David Bar-Ilan, Netanyahu's director of communications, said in response: "We are not going to anything like arbitration."

Mr Bar-Ilan added that arbitration ran against the spirit of the 1991 Middle East peace conference that sanctioned direct peace talks between the parties. "I think it is a traditional tactic to pull this kind of thing at the very last minute before an agreement is reached," he said.

"I hope the very plain goal of the negotiations in the past few weeks, namely the achieve-

ment of an agreed upon agenda, will be achieved without any serious hitches and that the subsequent meeting between Prime Minister Netanyahu and Arafat will take place," he added.

One PLO official said the Palestinians were seeking a clear commitment from Mr Netanyahu to implement all outstanding issues in Israel-PLO peace deals, such as Israeli troop redeployment from Hebron and other parts of the West Bank.

Israel, he said, proposed to divert to committees for further negotiation issues already agreed in past pacts signed by previous Labour governments. "We asked for reassurances this [Likud] government would honour the agreements, implement them and not seek to fragment them," the official said.

Egypt gave Israel three weeks to start implementing the peace deals or face cancellation of a Middle East economic conference planned for Cairo in November. The Egyptian Ambassador to Israel, Mohammed Bassiouny, said: "The Egyptian government has given the Israeli government three weeks to start implementing five points Israel was committed to and did not implement. Otherwise the economic conference will not be held."

The five points that Israel must implement are redeployment from Hebron, further redeployments from the West Bank, opening safe passages between Gaza and the West Bank, release of all women prisoners and lifting the closure completely," Mr Bassiouny said.



Israeli soldiers guard a tunnel in a £29m road linking Gush Etzion Jewish settlement on the West Bank with Jerusalem, by-passing Bethlehem. At the opening ceremony yesterday Israeli peace activists protested that the government was spending disproportionately large sums on settlers. Photograph: Reuters

Indonesia democracy activists 'missing'

RICHARD LLOYD PARRY

Five weeks after thousands of Indonesians rioted in support of the democracy leader, Megawati Sukarnoputri, a report by the government-sponsored National Commission for Human Rights says that at least 74 people are still unaccounted for.

Five people were killed in the riots, according to the commission, after police raided the headquarters of the Indonesian Democratic Party (PDI), and evicted supporters of Ms Megawati, its deposed leader, General Syarwan Hamid,

chief of the army's socio-political affairs unit, yesterday rejected the report. The official number of fatalities acknowledged by the military is four. General Hamid was quoted as saying that reports of large numbers of missing people, feared killed at the hands of police and the military, were not to be taken seriously. "The missing people have simply not returned home. That's all," he told the *Republika* newspaper.

The Indonesian armed forces have been accused in the past of engineering the "disappearances" of political opponents,

most recently in East Timor where some 200 civilians vanished after troops fired on mourners at a funeral in 1991.

Members of the Commission for Human Rights, independent monitors, and journalists investigating the aftermath of the riots have been hampered by contradictory accounts of the numbers of missing and wounded, lack of co-operation by the authorities, and fear of retribution among witnesses.

The *Independent* has spoken to two men who claimed to have witnessed killings of Megawati supporters during the raid on

the party headquarters. They were allegedly carried out by men dressed as supporters of a rival faction in the PDI, but suspected of being disguised members of the armed forces.

According to the first witness, a 30-year-old student, he was standing guard outside the PDI headquarters when several trucks arrived carrying the alleged supporters of the rival faction shortly after 6am on 27 July. They produced bayonets and handguns fitted with silencers and began shooting and stabbing PDI supporters sleeping on a grass verge in front of the

headquarters. Fire hoses were used to rinse down the road.

The second witness was inside the PDI headquarters when the alleged faction supporters forced their way in. He claims to have seen them stabbing and shooting as many as 40 people with bayonets and silenced firearms. The bodies were loaded into a truck and the area was hosed down.

Similar accounts were gathered by an Amnesty International researcher who returned from Indonesia last week, but none of the witnesses was prepared to talk to the Commission.

Gallery pursues costly hoaxer

Copenhagen — In a reversal of usual employment practices, a museum dismissed Anna Castberg and then demanded proof that she was qualified for a job she no longer had.

Ms Castberg, a Danish-born British citizen, was hired as director of Copenhagen's Arken Museum of Modern Art based on her impressive qualifications. After three years, they have come back to haunt her and the museum, the *B.T.* newspaper reported yesterday.

Last month, the mysterious, glamorous woman — newspapers say she reminds them of Meryl Streep — was dismissed by Copenhagen County, which claimed she was a poor manager. The county gave her 600,000 kroner (about £65,000) in severance pay.

Now the museum board wants proof of her claims that she was educated at the Sorbonne and the Courtauld Institute of Art in London, was a columnist for the Paris-based newspaper the *International Herald Tribune* in 1970s, and worked at two Czech museums, as she claimed.

None of those places had ever heard of her, said Danish newspapers, which have been investigating her past since her dismissal on 20 August.

The mystery deepened when Ms Castberg, 48, vanished, saying that she would collect proof of her claims. Newspapers cannot find her and her lawyer, Per Magid, said he no longer represented her.

If she returns, the museum and county may sue unless she proves she was worthy of the job and the "golden handshake". Asked if it was not better to check credentials before hiring, rather than after firing, Copenhagen County's Henning Thomsen said that employment had to be based on trust.

But the *B.T.* tabloid said Ms Castberg was so "beautiful, charming and intelligent" that the male-dominated hiring committee might have not have been looking at her résumé.

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obituaries / gazette

Dom Adam Kehrle

The name of Brother Adam is well known in all bee-keeping circles. The small market trader selling his honey on a stall in a French provincial town or the big commercial apary in the southern United States selling thousands of queen honey bees all over the world will be just as familiar with his work as the academic centres of every continent.

Born Karl Kehrle in south Germany, in 1910, as a boy of 11, he was sent from his home to join the order of Benedictine monks at St Mary's Abbey, Buckfast, in South Devon. Here he was initially named Louis.

Ill-health prompted his move from building work as a stonemason to a lifetime's involvement with the abbey aparies; the development of the bee-keeping enterprise at Buckfast Abbey was both his brainchild and the endeavours of his physical hard work against a backdrop of monastic life.

In 1915 he began his work with the bees, which he took over full responsibility for in 1919. The disastrous so-called Isle of Wight epidemic which caused the wholesale loss of honey bees in the British Isles at the outbreak of the First World War was to shape the

breeding programme that Kehrle was to follow. Only 16 colonies out of 45 survived at the Abbey aparies and these, a cross between Italian and British Blacks or Carniolan and British Blacks, produced his original breeding stock.

In 1920, he obtained a copy of the paper "The Art of Bee Breeding", by Professor L. Armbruster, which set out a theoretical approach to the breeding of honey bees with regard to the laws of the geneticist Gregor Mendel.

Kehrle's goal was clear. He wanted to create a cross-breed of bees with resistance to disease (especially scab), that were very gentle to handle, that swarmed rarely and were abundant honey producers. He set up an isolation mating station at Sherborne in the middle of Dartmoor in 1925 where the harsh climatic weather conditions were a test for any honey bee and did not allow wild stock to survive which would create mis-matings.

In 1930 Kehrle resited the home apary and commenced work on the reorganisation of the honey department, rebuilding the honey extracting plant. When he fell ill two years later and returned home to

Germany, it was the first time since he had left home aged 11 - 22 years earlier.

For the next 20 years Kehrle bred with the stocks he had created, selling queens and setting up Buckfast bee production as a commercial activity.

His extremely important study and collection of bee breeding material from Europe and the countries bordering the Mediterranean (both north and south) began in 1950 when shortage of transport and fuel were still very difficult after the Second World War.

He travelled over 82,000 miles by road in his search for desirable bees (plus 7,800 miles by sea - and many more by air): for example to France, Switzerland, Austria, Italy, Sicily, and Germany in 1950; to North Africa, Algeria, Israel, Jordan, Syria, Lebanon, Cyprus, Greece, Yugoslavia, and the Aegean Islands in 1952. This work continued over many years penetrating into the Sahara Desert itself. It culminated in a trip to Mount Kilimanjaro, East Africa, in search of the black honey bee *Apis mellifera Adami*. (The Cretan bee is named *Apis mellifera Adami*.)

The result of this work was

the distinctive tan-coloured Buckfast bee - gentle, disease-resistant and honey-producing. It is much sought-after today, and is still produced commercially on both sides of the Atlantic.

Kehrle's teachings and methods as a practical beekeeper are unsurpassed, and his books, *In Search of the Best Strains of Bees*, *Breeding the Honeybee*, and *Bee Keeping at Buckfast Abbey*, first published in 1975, are still relevant today.

Indeed, as early as 1929 his accomplishments were publicly praised in the *British Bee Journal* of that year: "Like the bees he never appears to sleep in summer with apary work, invention and experimentation. He is one of nature's silent workers and the most competent one in Britain."

Ten years later, he was invited to serve on the Ministry of Agriculture Advisory Committee on apiculture, attending quarterly meetings at Rothamsted until the 1970s, which inevitably brought him into contact with leading beekeepers in Europe.

Not only did Kehrle break new ground in the assessment of different races of bees and bee breeding, but he was com-

mercially successful throughout the world. It was just reward therefore that his efforts should be recognised with his appointment as OBE in the Queen's Birthday Honours List of 1974. Similarly, he was awarded the Verdienstkreuz in Germany the following year for services to beekeeping.

He was awarded an Honorary DSc from the University of Uppsala in Sweden in 1987 and an honorary BSc from Exeter University in 1989.

In the words of Frederick Ruttner: "Brother Adam's life-long work has contributed substantially to the improvement of the management and stocks of honey bees. This contribution to apicultural research, which in turn has had its impact on honey bee breeding, has yet to be fully recognised."

His love of bees was evident to all who knew him, both in his achievements and his daily life.

Lesley Bill

Karl Kehrle, monk, bee breeder and beekeeper, born Mallebühren, Germany 3 August 1898; clothed a monk as Dom Adam 1916; ordained priest 1922; OBE 1974; died Buckfast, Devon 1 September 1996.



Brother Adam: one of nature's silent workers

Photograph: Herald Express

Roger Banks-Pye

"Roger Banks-Pye is the most innovative talent working behind closed doors this century," proclaimed Louis Gropp, Editor-in-Chief of America's *House Beautiful* magazine, when discussing interior designers a few years ago.

Banks-Pye was the interior design director for the decorating division of Colefax & Fowler. At first glance his work appears quite traditional because of his predominant use of antiques, old pictures and accessories, but in fact he was always re-inventing so that conventional elements could be revitalised and seen anew.

Working for Colefax & Fowler had been Roger Banks-Pye's firm ambition even as a student, but it was not until 11 July 1977, on his 29th birthday, that this dream was realised. It was also some time after joining the famous decorating firm that his exceptional talent began to emerge. Unusually for an aspiring designer, he was put in charge of the antiques department, an appointment which lasted two years. He then transferred to the decorating team of Stanley Falconer and later that of Tom Parr, where he learnt the mechanics and grammar of decoration in the grand Colefax manner.

In recent years he was in much demand as a decorator. The very graphic and theatrical way he treated architecture exhibited a bold disregard for what others would treat reverentially. He used walls and



A taste for the modest and a sense of morality: Banks-Pye's own kitchen in London. Photograph: James Merrell / Ryland Peters & Small

floors as blank canvases, eschewing academic correctness for original effects, which were often ironical and teasing.

The delight of the end-product was what made his work so fresh and comfortable. He used torn paper collage on walls, appliquéd squares of fabric and even napkins sewn on to

curtains. These quite extraordinary solutions, along with vigorously grained woodwork, came at times surprisingly close to some three-dimensional evocation of Synthetic Cubism.

Banks-Pye was born in Sheffield in 1948, where he grew up and attended the grammar school, spending much of

his time in the art department. Drawing was a key factor in developing his eye. He always maintained that taking a photograph of some detail taught you next to nothing. "You have to draw to understand and remember clearly, especially when you need to re-use what has aroused your interest," he said, and he drew beautifully.

At 18 he moved to London to study Interior Design at the North London Polytechnic. After four years he acquired an Honours degree along with his tutor's disheartening observation that his capriciousness made him unsuited for a career in interior design and that the theatre might be a more suitable choice.

After a period of unemployment, he was fortunate to work for Ewan Macleod, a gifted architect specialising in the restoration and adaptation of traditional domestic-scale buildings. "This experience fuelled his inclination towards decoration, and with a financial partner Banks-Pye Designs was launched.

Combining London antique and junk shops also became part of his routine and one that persisted for the rest of his life. He was never much interested in what was generally considered fine in antiques, his taste being for the strange - those odd pieces that 20 years ago most people passed over. Scale, form, pattern and colour were the essential qualities he looked for and it was this graphic aspect of

things that ultimately shaped his work.

At Colefax & Fowler the opportunity that enabled him to develop his style was the promotional aspect of the firm's work for which he was made responsible. This covered designing and decorating the window displays in Brook Street, Ebury Street and, as the company grew, Fulham Road and elsewhere. He took charge of the promotional photo shoots, and exhibition stands such as the Decorax trade fair. He also designed and dressed grand tester beds, curtains and other accessories in the Brook Street and the Fulham Road showrooms.

It was the window displays in particular that became a talking-point. Their flair and spontaneity were sufficiently outstanding to attract acclaim. This success encouraged him. He experimented with the detail of curtains, upholstery, trimmings and a wide use of accessories. In dressing the windows he sometimes used the cheapest of props such as painted picket fencing, trugs planted with moss and bulbs, charmingly elaborate slip covers over the backs of faty iron garden furniture. It was his ability to evoke atmosphere in the confines of a small window space, coupled with a meticulous eye for detail that fascinated all who saw them.

Roger Banks-Pye had taught himself through his passion for

fabrics, which he used in the closest way a decorator has come to the counter. Nobody since John Fowler in his heyday had approached this aspect of decorating with such confidence. It is hardly surprising that both Sir Hardy Amies and Valentino became devotees of his work. Their rigorous standards and pursuit of perfection enabled them to appreciate the effort that Banks-Pye made on their behalf.

In his taste for the modest he was close to John Fowler, whom he only knew in retirement. The *objet trouvé* and off-the-shelf items of apparently little worth gave him immense pleasure, but they were always chosen for their clarity of design and the visual contribution they could make to a room. This contrasts sharply with other decorators working today whose inclination is for the rare and the important artefact coupled with the finest-quality materials. To underline their work and lend authority to it.

A certain sense of morality can be detected behind Roger Banks-Pye's creativity so that his interiors achieve a purer beauty that does not rely on a deep pocket. In his own very subtle way he could circumvent the world of social pretension and material excess.

Chester Jones

Roger Banks-Pye, interior designer, born Sheffield 11 July 1948; died Compton, Wiltshire 25 August 1996.



Maitland: Scottish ecumenism

raising in other people but was the essence of Jim Maitland: "Quite simply, to do the will of God."

This he did with the powerful support of his remarkable wife, Elizabeth.

Tam Dalyell

James Maitland, minister of the church, born Farnach, Appin 10 May 1914; ordained Minister of the Church of Scotland 1940; Minister of St Columba, Livingston 1966-88; married 1943 Elizabeth Simpson; died Livingston 20 August 1996.

He established an atmosphere in the church which survives to this day. Towards the end of his life I asked him what was his ambition. He replied with a remark that might have been embar-

Emile Noël

"A grey eminence" a grey eminence was how one colleague described Emile Noël. If Jean Monnet, the real founder of the European Union, worked behind the scenes to achieve his objectives, Noël was one of several younger people who worked behind and for Monnet. Two of them - François Fontaine and Jacques Van Helmont - died earlier this year. But, of all Monnet's French associates, Emile Noël was one of the most eminent and, superficially at least, one of the greyest.

He had been born in Constantinople, later to become Istanbul, and readers of Eric Ambler's fiction might have fancied that he looked intriguingly exotic. His dark eyes drooped at the corners like those of Paul McCartney or Sylvester Stallone; his smile was rueful, almost hangdog, as if admitting that while things might be worse they could be a great deal better. At times, he resembled a melancholy Mr Punch.

Yet Noël was a resolute idealist. As what Monnet called "an outstanding young graduate" of the *Ecole Normale Supérieure*, he had gone to work for the non-official European Movement, and had quickly been snapped up by the newborn Council of Europe in 1949. Initially Secretary of its General Affairs Committee, after three years he had become Director of its Constitutional Committee, investigating the possibility of forming a European Political Community.

In 1954 he had become Chief of Cabinet to Guy Mollet, then the President of the Council of Europe's Consultative Assembly; and, when Mollet became Prime Minister of France in 1956, Noël moved to Paris with him.

It was while working with Mollet that Noël first grew close to Jean Monnet, as what he later called "a sort of liaison agent" between him and Maitland. His particular preoccupation was the Val Duchesse negotiations to produce the Common Market and Euratom, the European Atomic Energy Community - the latter Maitland's special hobby-horse, because he saw it as a way to persuade France into further European integration after the failure of the European Defence Community.

As it turned out, Euratom itself was what Noël later called "a quasi-failure", and the Common Market or European Economic Community became the locomotive for change. When it was set up in Brussels in 1958, Noël was appointed Executive Secretary to its Commission. His official identity card was numbered 33: the previous 32 were

those of the Commission and their personal staff.

Emile Noël thus found himself, aged 35, virtually in the driving seat of Europe's power engine. The titular driver, President of the Commission was Walter Hallstein, a workaholic bachelor, a former Professor, and former Head of the German Foreign Office. But Noël, married, with two daughters, and a product of France's elite education system, was the perfect complement to Hallstein's organising zeal. He knew everyone; he knew everything he said as little as possible.

His tenacity, as Monnet said, matched his modesty. In the words of Commissioner Robert Lemaignen:

It would have been hard to find a person better fitted for his post. The Executive Secretary looks after the inner workings of the Commission, prepares its decisions and its agenda, draws up its minutes (he attends all meetings, even the most confidential); he puts its decision into proper legal shape; distributes documentation to its Commissioners and Directorate-General, supervises such general services as the linguistic service, and so on. Many of these jobs demand absolute discretion and perfect tact. Noël fulfilled them perfectly.

In 1968, when the three Communities (Euratom, Coal and Steel and Common Market) were merged into one, Emile Noël was appointed their Secretary-General, a post that he held until his retirement in 1987. But retirement did not mean leisure. He at once became President of the European University Institute in Florence, and meanwhile produced several studies of the Community and its institutions: *Le Comité des Représentants Permanents* in 1966, *Les Rouages de l'Europe* in 1979, and *Les Institutions des Communautés Européennes* in 1988.

His one regret, he said in later life, was that Europe had not established the European Political Community on which he had worked in the 1950s. "I step towards a more political union was brutally interrupted he told an interviewer in 1981. "But you can never really get economic without the political. I believe the political aspect is indispensable. A few less controls at frontiers is simply not enough."

Richard May

Emile Noël, international civil servant, born Constantinople November 1922; Executive Secretary, Commission of EEC Brussels 1958-67; Secretary-General, Commission of European Communities 1968-87; President, European University Institute 1987-96; married 1946 Luc Durand (died 1985; two daughters); died Viareggio, Italy 2 August 1996.

The Rev Dr James Maitland

It was peculiarly appropriate that at the huge funeral of the Rev Dr James Maitland, Doctor of Divinity and for four decades one of the most prominent ministers of the Church of Scotland, that a priest of the Roman Catholic Church, Father Tommy Greenham, should have been at the altar participating in the service alongside the Rev John Robertson and taking the key passage "Lord of life, conqueror of death." For Jim Maitland was the pioneer of Christian ecumenism in Scotland.

As the local MP I am in the position to know that within days of his appointment to the first charge at the birth of Livingston New Town, Maitland pressed the Roman Catholic hierarchy to set up a Catholic church in the new town, which they did as a result of his entreaties long before they had intended to do so. The facilities of the new St Columba were made available to all denomi-

nations, and a joint arrangement was set up between Maitland, the Rev Brian Hardy of the Episcopal Church, the Rev Hamish Smith of the Congregational Church, and Father John Byrne of the Roman Catholic Church to share facilities.

It was Maitland's sadness later that the Roman Catholics, co-operating in everything else, chose to build a church of their own. But the co-operation and genuine friendship is in the view of informed opinion in Scotland the paramount reason why the religious divides of the west of Scotland and possibly Northern Ireland were not imported into what was to become the largest of the Scottish new towns.

In 1996, post-Sheppard/Warlock in Liverpool, ecumenical joint action may not seem so remarkable. In the Scottish central belt, Maitland's initiative in 1966 was quite simply without precedent. A man before his time, he set an

example. He would assert to Alec Eadie, MP for Midlothian, and me that a reformed church should ever be prepared itself to reform.

James Maitland was born one of three sons and two daughters of the gardener to the Bulloch family of Rhu at Farnach near Oban. He was ever mindful of his strict upbringing in a devout household; his sermons were delivered in low, clear tones, his expressive eyes speaking volumes from the pulpit - and laced with earthy analogies from a life geared to the soil. From the pulpit, as in private, he was very direct, looking you hard in the eye, uncomfortably so for some.

After attending Oban High School, then as now a school with a serious academic tradition, he went to Edinburgh University and was ordained at Glenorchy in 1940 after a year at New College, the theological centre of Edinburgh University. His first charge was as as-

sistant priest in Kirkcaldy in Fife, but typically he volunteered on a mission to Yoker in Glasgow as soon as the Clydebank bombing became serious. As his contemporaries stated: "Jim characteristically chose the hard way." He was a committed pacifist, though was determined to share dangers, not least because his brother Ian, who was awarded the DFC, had been killed over Germany as a rear gunner in a Lancaster bomber.

From Kirkcaldy he went to St Bride's in Edinburgh and became very involved with the BBC in Scotland. He was a natural as a religious broadcaster. And he was later one of the pioneers of the television service, broadcast from different churches.

Between 1954 and 1958 he committed himself to the Iona Community, then under the direction of the Rev Dr George MacLennan and the Rev Dr Ralph Morton. His contemporaries at that time would say of

Maitland that like Barnabas he was "a great encourager". The Iona Community brought an evangelism to some of the new areas of Scotland and nowhere more than from Iona Community House, the hub of the organisation in Glasgow of which Maitland was the warden.

In 1958 he was chosen to go to the Aldridge West congregation where his assistant, the Rev Douglas Lamb, remembers him as a champion of the vulnerable and the less well-off. "If Jim heard that a family, religious or not, had had to go as far as breaking down the doors in their house for firewood he would personally go to see them and make it his business to become involved. He was that sort of a man."

In 1966, called to Livingston, he established an atmosphere in the church which survives to this day. Towards the end of his life I asked him what was his ambition. He replied with a remark that might have been embar-

DEATHS

CALP: Michael Edward Dowsett, on 31 August 1996, at the Royal Free Hospital, Hampstead, with great courage, aged 40. Much loved and sorely missed. No flowers, but donations to Iain Charleston Day Centre, Royal Free Hospital, greatly appreciated. Funeral service at 31 May's Old Church, Church Street, Stoke Newington, London, at 3pm on Friday 6 September.

LEVIN'S Sidney, very peacefully on 2 September. Dear husband of Diane and beloved father and grandfather to Louise, Teddy and Lily. Funeral at Golden Green Crematorium, London NW11, on 4 September at 1.30pm. No flowers please, but donations if desired to St John's Hospice, Grove Road Road, London NW8.

Announcements for Gazette BIRTHS, MARRIAGES & DEATHS (Births, Deaths, Marriages, Announcements, Memorials, etc.) should be sent in writing to the Gazette Editor, The Independent, 1 Cananda Square, Canary Wharf, London E14 5DL, telephoned to 0171-233 2011 (24-hour answering machine 0171-233 2013) or faxed to 0171-233 2010, and are charged at £6.50 a line (VAT extra). OTHER Gazettes (weddings, marriages, funerals, etc.) must be submitted in writing (or faxed) and are charged at £10 a line, VAT extra. They should be accompanied by a daytime telephone number.

Charging of the Guard

The Household Cavalry Mounted Regiment (the Queen's Life Guard) at Horse Guards, 11 Whitehall, London SW1A, will be mounted by the Household Cavalry Mounted Regiment on the Queen's Birthday, 11 June, and will be mounted by the Household Cavalry Mounted Regiment on the Queen's Birthday, 11 June, and will be mounted by the Household Cavalry Mounted Regiment on the Queen's Birthday, 11 June.

Births, Marriages & Deaths

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Birthdays

Mr Geoff Arnold, cricketer, 52; Air Marshal Sir Erik Bennett, former commander, the Sultan of Oman's Air Force, 68; Dr Clare Burrall, psychologist and educationist, 65; Miss Pauline Collins, actress, 50; Mr Michael Connolly MP, 49; Professor Raymond Corwell, Vice-Chancellor, Nottingham Trent University, 59; Dr Francis Duffy, chairman, DEGW International, 56; The Hon James Eadie, MBE, 47; Professor Peter Goddard, Master, St John's College, Cambridge, 51; The Rev Anthony Harbottle, former chaplain to the Queen, 71; Mr Nicky Horne, disc jockey, 46; Mr Graham Kennfield, chief cashier, Bank of England, 56; Mr Brian Lochore, rugby player, 56; Professor Alison Lurie, writer and Professor of English at Cornell University, 70; Mr Richard McCann, architect and former President, Royal Institute of British Architects, 58; Sir Michael Neubert MP, 63; Sir Mark Russell, Chairman, Commonwealth Institute, Scotland, and former diplomat, 67; Mr Gaston Thom-

Anniversaries

Births: Pietro Locatelli, violinist and composer, 165th; Matthew Boulton, engineer, 172nd; Joseph Wright, painter, 173rd; John Ruskin, author, 178th; James Joseph Sylvester, mathematician, 181st; Sir Frank Macfarlane Burnet, immunologist, 189th; James Hanley, novelist and playwright, 190th; Alan Ladd, actor, 191st. Deaths: Robert Greene, playwright, 1592; Sir Edward Coke, lawyer, 1634; Oliver Cromwell, Lord Protector, 1658; George Lillo, playwright, 1739; Ivan Sergeyevich Turgenyev, playwright, 1883; Edward Beneš, President of Czechoslovakia, 1948; a.c. Cummings (Edward Estlin Cummings), poet, 1962; Frederick Louis MacNeice, poet and playwright, 1963; Ho Chi Minh, President of North Vietnam, 1969; Frédéric Dammay, novelist (one half of the team called "Elleey Queen"), 1982; Arthur Schwartz, popular composer,

1984; Frank Capra, writer and film director, 1991. On this day: the Battle of Dunbar was fought, when Cromwell defeated the Scots, 1650; Oliver Cromwell defeated the Royalist troops at the Battle of Worcester, 1651; Richard Cromwell became Lord Protector of England, 1658; the Gregorian calendar was introduced, replacing the Julian, when 3 September became 14 September, 1752; the American War of Independence came to an end after Britain and the US signed Treaty of Paris, 1783; Bartholomew Fair, dating from 1123, was proclaimed at Smithfield, London, for the last time, 1853; the Royal British Bank failed, with debts of over £500,000, 1856; the Afghans massacred the members of the British legation in Kabul, 1879; the *Prinzess Alice*, a pleasure boat, collided with the *Dwight D. Eisenhower* and sank in the Thames with the loss of over 650 lives, 1878; the French government was removed to Bordeaux, 1914; Cardinal Giacomo Delia Chiesa was elected Pope as Benedict XV, 1914; the first Zeppelin

was shot down by Flt Lt W. Leece Robinson in an air-raid over England, 1916; 132 people were killed during a German air raid over the Chatham Sheerness area, 1917; the US dirigible *Shenandoah* broke apart in a storm at Caldwell, Ohio, 1925; Santo Domingo, in the Dominican Republic, was destroyed and 5,000 killed when a hurricane hit the city, 1930; Sir Malcolm Campbell set up a land speed record of 301.33mph, 1935; Great Britain and France declared war on Germany, 1939; the Germans torpedoed the liner *Athens* off the Irish coast, 1939; under the Lend-Lease agreement, the US sent destroyers to Britain, 1940; the Allies landed at Salerno, on the mainland of Italy, and the Italian government surrendered, 1943; the Federation of Rhodesia and Nyasaland was established, 1953; Sweden changed its rule of the road from left to right, 1967; the US spacecraft *Viking 2* landed on Mars and sent back photographs to the Earth, 1976; today is the Feast Day of St Aigulf or Ayoul of Lerins, St Cuthburg, St

Gregory the Great, St Hildelitha, St Macianus, St Phoebe, St Remacus and St Simeon Stylites the Younger.

Lectures

The Gallery: Andrew Kennedy, "Picturing Britain: topographical painting in the 18th century", 7pm. British Museum: Shalagh Walker, "Traditional Chinese painting in the mid-20th Century: Huang Binhong and Fu Shaoqi", 1.15pm.

Luncheons

Newspaper Society. The Newspaper Society, President, the Newspaper Society, yesterday hosted a luncheon in honour of Mr Adair Turner, Director-General of the CBI, at the Newspaper Society, Great Russell Street, London WC1.

Receptions

HM Government. Mr Greg Knight MP Minister for Industry, and Mr James Arbuthnot MP

Schools

The King's School, Canterbury. The Autumn Term begins today at the King's School, Canterbury. The Rev Keith Wilkinson has succeeded Canon Dr Anthony Phillips as Headmaster. Mrs Jane Wharfe becomes Housemistress of Harvey House, the fifth girls boarding house which opens this term. An Open Morning for prospective Sixth Form pupils will be held on Tuesday 5 October. Half-term will be from 12 to 27 October. *Ghetto*, by Joshua Sobot, will be performed in St Mary's Hall on 22-24 November. There will be a Christmas Concert in the Shirley Hall on Sunday 8 December; the Carol Service will be in the Cathedral on Wednesday 11 December and term ends on Thursday 12 December.

The West must be ready to confront Saddam

Saddam Hussein on the march; a US election in the offing. Kurdish factions savaging each other; Iran making diplomatic hay; western governments at sixes and sevens. Despite the apparent Iraqi withdrawal from the city of Arbil yesterday, there is every indication for a horrendously messy international crisis in northern Iraq, in which all choices are bad choices.

One understandable but response would be to say that the Kurds have forfeited the right to any kind of international protection. The UN safe haven is supposed to be there to protect the Kurds from Saddam; now that one group of Iraqi Kurds has invited Saddam to attack another group of Iraqi Kurds, the international community had best clear out, or risk being embroiled in a Rubik's cube of a civil war.

But this would be shortsighted. Two principles should guide our action, one self-interested (the overriding need to contain Saddam), the other humanitarian (an effort, where possible, to protect and succour innocent Kurdish civilians).

The Kurds' capacity for being clawed by their neighbours and political overlords is matched only by their capacity for clawing at one another. There are 22 million Kurds, by far the largest stateless nation in the world. They were among the greatest losers from the early 20th-century European taste for drawing lines, through sand and moun-

tains, where no borders had existed before. As imperial Britain and France contended for political influence, and oil, they created a Middle East map which dismembered the Kurdish-populated territory into four main chunks: Iraqi, Iranian, Syrian and Turkish. Britain, in particular, insisted on millions of Kurds being joined to Iraq against their will, because Britain controlled Iraq and the Kurdish area contained the Mosul oil wells. Intermittently, ever since, as it has suited us, the West has encouraged the Kurds to rebel, or exhorted them to remain quiet.

Five years ago we were in the business of drawing lines once again. After the Gulf war, at US instigation, the Kurds revolted against Saddam. The Iraqi army showed a greater taste for killing Kurdish civilians than fighting to hold on to Kuwait. The UN declared a safe haven for Kurds in northern Iraq, and later a somewhat larger no-fly zone, barring Iraqi fixed-wing aircraft.

The international legality, and the precise terms, of these pledges to the Kurds have always been in doubt. But a wary calm survived for three years. Saddam, licking his wounds, stayed away. A considerable international relief effort was mounted through Turkey. But the West, uncertain what it wanted to do with its *de facto* Kurdish statelet, made little corresponding political effort to prevent the Kur-

dish factions from falling to their second favourite occupation, fighting each other.

The resulting situation, tragic and menacing, is also frankly bizarre. One of the Iraqi-Kurd groups – the Patriotic Union of Kurdistan (PUK) – has enlisted support from Iran (despite the fact that this enables the Islamic republic to bash more effectively its own Kurdish rebels). In retaliation, the PUK's sworn enemies, the Kurdistan Democratic Party (KDP), have sought the military aid of Saddam, the man who used chemical weapons against Kurdish women and children. Both

groups have variously worked and then quarrelled with the Turkish Kurdish separatist group, the Kurdistan Workers' Party (PKK), which yesterday threatened retaliatory action against the Saddam-supported KDP.

Out of this deadly alphabet soup, the West must now try to fashion some kind of coherent policy.

Bill Clinton, with Republicans queuing to accuse him of being soft on Saddam, is evidently anxious to zap someone or something. A cruise missile or stealth aircraft strike against Iraqi military targets might be one option. The British government

believes that Saddam must be punished to prevent him gaining strategic territory and prestige. Either we stop him now, the Government seems to be saying, or he will keep on pushing us until we are forced to do something even more difficult and dramatic. The French are doubtful. Many Middle East governments, including those that supported Operation Desert Storm, see little reason to come to the aid of one Kurdish group (particularly a group supported by Iran).

What is more, it remains unclear whether there is international legal backing for military action by the West. The Kurdish "safe haven" does not encompass the city of Arbil; but the no-fly zone does. If the Iraqi forces fall back, Saddam might regain *de facto* control of much of northern Iraq through his new Kurdish clients, without formally crossing any line in the sand.

This is not August 1990 all over again. The strategic case for chasing Saddam out of Kuwait was overwhelming. There is no such clarity this time. But the longer history of international dealings with Saddam suggests that the Government is right. It is important to face Saddam down at the earliest opportunity. If he fails to move his forces far away from Arbil – not just to the outskirts – the West should threaten, and if necessary, carry out punitive strikes on Iraqi military tar-

gets. But these should not just be electoral air-raids, designed to satisfy US public opinion. We must be ready for a prolonged confrontation if necessary. We must, even at this late and seemingly hopeless stage, engage in robust diplomacy to try to reconcile the Kurdish factions. And we should be making urgent plans to assist the Kurdish civilian population.

The battle of the books

The latest wheeze to interest us in books is a national argument about the top 100 best novels of the century. This has the smell of a bookseller's promotion, perhaps cynically designed to get us talking about "great" works. We are all for it. Most of us enjoy compiling lists of greatest and worsts, from footballers to family holidays. But the great novels game is particularly enjoyable because of the swank-and-bluff factor. The literary editor's top 10 brought howls of derision from some in this office, who capped it with more obscure works. The only outcome of this kind of game is that lots of people sneak out and buy major novels they hadn't heard of before. Which is, as the authors of *1066 and All That* would put it, A Good Thing.

LETTERS TO THE EDITOR

New Labour lurching back to Victoria

Sir: Before the debate between Democratic Socialism and Social Democracy is frozen in a re-run of the familiar argument in which "New Labour" are forever defeated by "Old Labour", your leaders like to be reminded of what two right-wing and highly respected leaders of the Labour Party had to say about Socialism.

The first came from Hugh Gaitskell's speech in the Commons in 1945 in which, talking about the Labour government, he said: "We believe, for example, that the present capitalist system is ineffective, that it produces insecurity and that it is unjust. Can anyone deny these things?"

The second comes from John Smith as an Energy Minister, arguing for the public ownership of oil in 1975: "We bring forward proposals for public ownership, because we are Socialists." "Modernisation" is in reality a code word for the attempt, now being made, to persuade the Labour Party to go back to the Victorian era when both Conservatives and Liberals were equally committed to the worship of market forces.

Yet it is these very same market forces which have led to the situation reported in the *Independent* on Sunday (21 July): 447 dollar millionaires enjoy wealth that exceeds the annual income of half the world's people."

Does anyone really believe that an economic system that can produce such inequality should serve as our guide to the politics of the 21st century?

ONY BENN
House of Commons,
London SW1

Pedestrians need rights of way

Sir: You have published several items on the problems of automobile traffic in Britain (Letters, 29 August). The simplest way to reverse the hierarchy between cars and pedestrians would be to ensure that pedestrians generally have priority over road vehicles, as in many other countries, rather than having to refer to them everywhere except at pedestrian crossings.

In Britain, motorists at intersections do not yield to pedestrians, who must always be extremely vigilant. At some crosswalks pedestrians can wait for ages. I believe that this "right of way" mentality also contributes to the aggressiveness of British motorists.

Walking in Britain would be much easier and safer if, instead, drivers at intersections had to wait for pedestrians to cross before proceeding. Short of that, there should least be proper pedestrian crossings.

It would be a joy to walk in British towns without having to pay attention to road traffic and slip across streets like small fish.

MARK RASMUSSEN
London E11

What angers me about the claim the Streets' people (Independent, 26 August) is its utter selfishness and attacking concept. They have decided that we should not be allowed cars because they disapprove of them, so they



If you tell us the names of the people behind you and the contacts you have, Mr Howard, we'll go easy on you!

deliberately obstruct public roads to stop us.

Did it occur to these petty obstructionists that there could have been doctors travelling to see seriously ill patients, fire engines trying to get to burning buildings? What about parents going to collect children from school, people on their way to important appointments, mail vans collecting letters?

"Reclaim the Streets" has no legal or moral right to behave like this and I hope the law, which does not "favour motorists too much" but is even-handed, will properly punish all those responsible.

R CO ROSE
Pwllheli
Gwynedd

Sir: Your article "How the peaceful country lanes of old England have been placed on the certain road to destruction" (28 August) paints a dreary picture.

Oh horror, you show a photograph of 10 metres of road in 1930 with no cars on it and a photograph of today of 50 metres of road with three cars and an agricultural vehicle on it.

Of course traffic has grown since the 1930s, as have prosperity and changes in lifestyle. More people visit the countryside to enjoy the birdsong and bees buzzing in the hedges.

The majority travel by car, as it is the most flexible means of getting there. The Council for the Protection of Rural England presents 50 rural routes being ruined by traffic. I could present 100 rural routes where I cycle every weekend that are not.

No one wants to see more traffic in the countryside but half-baked scare stories do not benefit anyone.

The RAC has been involved with the Countryside Commission, North Yorks Moors National Park and Oxford Brookes University looking at practical traffic management measures to ease the pressure of cars in the countryside.

Let us look to practical solutions rather than emotive statements about the evil of cars. EDMUND KING
RAC Head of Campaigns
London SW1

Rapid delivery is retailing's future

Sir: The key to the development of retailing lies in the ability and willingness of retailers to deliver – literally.

The future of retailing lies in simpler technology than the Internet (report, 23 August, letter, 29 August). All you need is a city-centre store to display the goods and a bar-code reader. Customers wander around the display of goods, "swiping" as they go. At the exit, the reader is totalled and printed.

The customer pays, the store guarantees delivery within a three-hour slot, including evenings. All deliveries are made from a cheap warehouse site.

Customers don't need cars, firms don't need enormous supermarkets but can still display a wide range of commodities.

All it needs is a lead from a major operator. RE CRUM
Norwich

Humanism kept out of schools

Sir: The Bishop of Ludlow suggests (letter, 30 August) judging religions by the "methods used to instil and reinforce [their] beliefs". Surely we should mark down heavily those who seek to prevent the young knowing about other beliefs?

The Christian powers who preponderate in England today do just this. They support legislation designed to prevent children in state schools learning about Humanism, which is the principal alternative to the religions present in England.

The justification for "RE" is that it helps pupils to understand the ultimate questions of living: life and death, the importance of morality, the reality (or otherwise) of "God". It is to indoctrinate with religion to present a religious responses to these questions without acknowledging the reality of the non-religious responses.

The immediate reply to Canon Inge (letter, 30 August) is that Humanism – the life stance that Richard Dawkins supports – is not a religion, because it does not accept the reality of "God". The critical point is that if in truth there is no god, it follows that all religions are so deeply flawed that all will be rejected by those who understand.

This does not mean, however, that Humanists wish to prevent children in state schools learning about religions. Unlike religious

people, we want these children to learn about religious and non-theistic responses to ultimate questions – objectively, fairly, and with balance.

HARRY STOPES-ROE
Vice President
British Humanist Association
London WC1

No Western help for the Kurds

Sir: The current crisis in northern Iraq underlines just how badly the main lesson of the Gulf War has been learnt. That lesson was that the West has only one interest in Iraq, and that is in keeping the area stable so that oil, and profits, continue to flow. Hence Saddam was not removed from power, as he easily could have been, but simply warned off.

It is no surprise that a section of the Kurds should look, if not exactly to Saddam, then to the force he can exert, since the main Western ally in the region, Turkey, continues to pursue its murderous war against the Kurds. Neither Saddam nor the West will do anything for the future of ordinary Kurds. The Turkish and Iraqi working classes might, if they can boot out the current regimes which run their respective countries. There will be no prizes for guessing which side of the West would be on in such a struggle however – not that, as ever, of the Kurds.

KEITH FLETT
London N17

Post letters to Letters to the Editor, and include a daytime telephone number. (Fax: 0171-293 2056; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity.

BBC changes spell disaster

Sir: Two things need to be said about the reorganisation of the BBC ("Birt begins the BBC break-up", 30 August).

The first concerns the reasons for it. Who is it that needs digital TV? The public may think it sounds wonderful to have 199 channels to choose from.

Do they imagine that these channels are going to be comparable to the BBC and ITV? The fragmentation of the market guarantees that no channel will have enough money to make decent programmes. You can already see this on satellite TV.

The second point is that the separation of the broadcasting and production arms of the BBC will inevitably lead to a disastrous lowering of standards, as has already happened elsewhere. Production people will not be attracted to working in the broadcasting arm and it will become the domain of the accountant and the man who cares for nothing but the bottom line.

As sole gatekeepers to the airwaves, they will very quickly impose their standards on the producers. CLIVE EKTON
London N1

Sir: You seem to know a lot about Mr Birt's plans for the BBC. Perhaps you could confirm or deny for us the insistent rumours that he intends to abolish altogether BBC Radio Cymru, for so many years a hope and mainstay of the Welsh-speaking community. JAN MORRIS
Llangyrdwy, Gwynedd

Juries denied the wisdom of age

Sir: Today I have – very reluctantly – put a tick against my name on the electoral registration form because, having reached the age of 70 in July, I am now no longer eligible for jury service.

The form is so worded that it seems to suggest that jury service is something that everyone wants to avoid. I was in fact looking forward very much to serving on a jury and was most disappointed when – the summons having arrived about 20 years ago – we were all sent home without even being sworn in when the accused decided to plead guilty.

Since then I have retired, and have been hoping that I would be called again. Unlike on the former occasion, when I was a very busy person running a single-handed architectural practice, I would not be inconvenienced at all.

Nobody should be obliged to do jury service if they are unfit or in a position when such service would be damaging to their business or family life, but nowadays, when so many retired people are still fit and intelligent, they should be given the chance to say "yes" or "no".

MARGARET WITHERS
Launceston,
Cornwall

GNVQ system working well

Sir: Your alarmist headline "Exam board errors cause college chaos" (29 August) betrays a misunderstanding of a process that has been agreed by the GNVQ awarding bodies and Ucas (the universities' admissions services), and which is well understood by the schools and colleges.

Because of the nature of the assessments in GNVQ, candidates will not all complete their courses at the same time. Each week the awarding bodies notify Ucas of results. If there are candidates that need fast-track confirmation they can ring a hotline number which has been widely publicised.

The system is working well and as intended. Dr NICK CAREY
Chairman
Joint Council of National Vocational Awarding Bodies
London WC1

Bridge-dwellers

Sir: You state ("Jewels in our heritage or a bridge too far", 29 August) that Putney Bridge in Bath remains the only inhabited bridge in England. This is incorrect.

The High Bridge in the centre of Lincoln, spanning the River Witham, is an inhabited bridge with buildings several hundred years old. B J KINNERSLEY
Lincoln

Claws in the pool

Sir: Thank you for your article about alien animals ("British creatures fight for survival as aliens stage invasion of the wild", 2 September). About two years ago my wife found a mitten crab in our swimming pool in suburban Twickenham. Since then I have been trying to convince unbelieving friends it really happened.

MIKE BEACH
Twickenham,
Middlesex

essay

Can Prozac destroy our free will?

The most famous drug of the Nineties was blamed for a mass killing. Establishing its innocence has restored our humanity, says Andrew Brown.

Joe Wesbecker was a man with a bad life. His second ex-wife was still friends with him, but that was about the extent of his success. One son was a compulsive flasher; the other had an expensive and disfiguring curvature of the spine. Joe himself was off sick after working for 17 years in the Standard Gravure printing plant in Louisville, Kentucky. The work there was unremitting and had grown worse over the years as the seven presses, each 150 feet long, and three storeys high, were worked harder and harder by fewer and fewer men.

In 1986 the business was bought by Michael Shea, a 36-year-old entrepreneur, who paid \$22m for it. The first thing he did was to call the staff together and tell them the future would be better. The second was to use \$11m from the pension fund to pay back some of the money he'd borrowed to buy the company.

Wesbecker frequently worked two eight-hour shifts in succession for the sake of the overtime, as did many of his co-workers. It would be wrong to call them colleagues, because the word implies friendliness or mutual solidarity. But in the Standard Gravure printing plant the working men treated each other as badly as the owners, bullying, needling, and threatening. Wesbecker called the management style "industrial sodomy". Men would bring guns to work and boast about how some day they were going to get even. Wesbecker once walked around with the curved ammunition clip from an AK47 in his back pocket.

Finally, in August 1988 he was sent home, diagnosed as depressed. He was treated, as usual, with drugs. In the years since 1984, various doctors prescribed him Valium, Percodan, Indulin, Elavil, Norpramin, Navane, Tofranil, Lithobid, Pamelor, Halcion, Desyrel and Restoril. Few of these substances helped. In September 1989 his last doctor, Lee Coleman, tried him on Prozac. This caused him to remember, or to believe he had remembered, that he had had to fettle a foreman at the printing plant to avoid operating one of the

more terrible machines there. Dr Coleman told him to stop taking Prozac and come back in a week's time.

Instead, three days later, Wesbecker walked back into the printing plant with an AK47 and three spare clips. He shot 20 of his co-workers, killing eight, and maiming two more, then killed himself with an automatic pistol.

Who could blame him? Eli Lilly did.

The company makes Prozac. Perhaps a third of its \$6.5bn revenues were dependent on the drug; and when the survivors of the printing plant shootings, and the widows of the dead, brought a suit against the company in 1994, the company's lawyers set out, by a minute examination of every detail of Wesbecker's life, to prove that he was bad, not mad. Now John Cornwell, one of the best living writers on the changes that science is making in our understanding of humanity, has written a book about the trial - from which all the facts have been lifted without shame.

Quite a lot of the story is still unclear. The jury in Louisville found in favour of Eli Lilly, but only after the plaintiffs had decided not to introduce some of their evidence. This they did after reaching a financial settlement with Lilly, which is rumoured to have been immense. The terms of the settlement are still secret, though we know that one of its terms was that the beneficiaries could not talk publicly about it.

Even the fact that the settlement had been reached was kept from both judge and jury until after the verdict was announced. This so enraged Judge Potter, when he found out, that he decided to conduct a hearing into the deal. This move was resisted by Lilly: the state supreme court, however, sided with Judge Potter, saying in its judgment: "There may have been deception, bad faith conduct, abuse of the judicial process, or perhaps even fraud." Judge Potter's findings

are due to be announced this autumn.

In the meantime, the Prozac trial has raised in its sharpest form the question of whether the American courts, and thus American society, actually have any satisfactory theory of what it means to be a moral being. The jury, according to Cornwell, was forced to decide between two equally unsatisfactory models of Wesbecker's nature. Either he was a victim or a criminal. Either he was wholly responsible for everything he did, riding alone through society like some Clint Eastwood figure, a man whose every act was his own, and who could never be touched by the ties of community or love. Or he was no more than the outcome of an argument of chemicals.

When Wesbecker stalked through the plant where he had worked for years, maiming and killing everyone who had

offended him, was his motivation no more than bad reactions to a chemical soup? Could he have helped himself? And if so, who is the "he" who could have helped himself?

Both stereotypes, the victim and the criminal, have deep roots in American culture. This is shown by a bizarre moment in Cornwell's account of the murders. Halfway through his rampage Wesbecker, spattered with blood and clutching his submachine gun, met a co-worker he had always quite liked, and told him to get out of the way. "Go to it, Rocky", replied his friend, and ran, and survived. "Go to it, Rocky": of all the ways we might react if confronted by a crazed gunman, perhaps that is the most shameful. Yet anyone who has seen films about a lone avenger, or who has enjoyed computer games like *Doom*, will know exactly what he meant, and why he said it. Go to it, Rocky, smash all our cages for us.

This spectre of complete wild freedom, wholly unbounded, grows stronger the more we see the ways in which science and

economics conspire to rob us of even the smallest spontaneity. The workers at the Standard Gravure printing plant were steadily ground down as more and more scope for initiative and fun was removed from their lives.

The parallels across the industrial world are easy to see. Each successive heat in the rat race is run over a longer, tougher course at higher speeds. And this crushing of individuality probably does as much as fear of crime to explain the hold that guns have on the American imagination. If guns were not a totem of freedom for everyone, it would seem simply insane to sue the firm that made Wesbecker's tranquillisers and not the shop that sold him an assault rifle and \$137 worth of ammunition.

Still, freedom diminishes every year. Science - or the marketing departments of chemical companies - holds out the hope that more and more of human behaviour will be predictable and ultimately controllable. The science behind Prozac is still remarkably imprecise: it works by affecting the levels of serotonin in the brain: a neuro-

psychologist once told me that this was like trying to improve the economy by fiddling with interest rates - but of course economics is a much more precise science than brain chemistry.

None the less, there are researchers who believe that studying the workings of the

brain will soon put us in a position where free will and responsibility will evaporate as real explanations for human behaviour in the same way as witchcraft has. The brain, they say, is a physical system, obeying physical and chemical laws. We know what these laws are already. All we have to do is to discover their detailed applica-

tion to brain events. Even without that detailed knowledge, argue people like Colin Blakemore, an Oxford psychologist, we can be certain in principle that free will is an illusion, because thoughts are brain states, and brain states, like everything else in the physical world, change according to physical laws we know and understand.

The idea underlying this is that a suitably equipped outside observer could know my own mind literally better than I could. The argument does not convince everyone. It frightens those judges who have thought about it. If we take seriously the idea that free will is an illusion, some crimes, like rape, must disappear completely, and sentencing policy will become extremely odd, though perhaps no odder than it is at present in America.

Yet in real life we are neither wholly victims nor wholly criminals, and the ideas we use every day bear this out. In everyday life, we have an idea, however blurred, of what it means to be provoked beyond endurance and of how we normally are not. We know what self-control means, even if we can't define it. Something important about being human

is missing if it is reduced to the choice between being a victim and a criminal.

These may seem abstract points. But billions of dollars rode on them in the Louisville trial. If Lilly lost, one senior executive said, the whole company could go down the tubes. Prozac was worth a third of its revenues. And the case was being decided by an ordinary jury whose members could probably not even now explain what a selective serotonin reuptake inhibitor is or why it is supposed to work.

How, then, could they decide whether such a chemical was responsible for tipping Joe Wesbecker over the edge? By making the settlement they did, Lilly's executives may have risked accusations of "deception, bad faith conduct, abuse of the judicial process, or perhaps even fraud". But I think we should be grateful that they chose to do so. Human beings are not mere victims of their brain chemistry. Free will and responsibility are social ideas, which have been laboriously hammered out in every human society. They describe us in our inescapable character as social beings. Without them, there would be no societies and no human beings.

He shot 20 of his workmates, killing eight, then shot himself. And who could blame him?

brain will soon put us in a position where free will and responsibility will evaporate as real explanations for human behaviour in the same way as witchcraft has. The brain, they say, is a physical system, obeying physical and chemical laws. We know what these laws are already. All we have to do is to discover their detailed applica-

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PRUDENTIAL

Things to do when you're stuck in Lothian

I mentioned yesterday that I had seen lots of bus shelters in Edinburgh this year adorned with a notice that read: "Beware - the top of this bus shelter has been treated with anti-climb paint!"

What I didn't say, because I didn't know, is what anti-climb paint is. While it is always nice to be in at the birth of a new word (can't find "anti-climb" in any of the dictionaries I have looked at), it's also irritating not to be able to visualise this new stuff, or how it works. You can't easily examine the tops of bus shelters except by climbing up there, and that is what anti-climb paint was invented to prevent in the first place.

"All right! Come on down! It's against the law to climb on bus shelters!"

"I wasn't climbing the bus shelter, officer. I was just trying to see what anti-climb paint looked like."

"That's a good one."

"It's the truth. I'm an investigative journalist, and I owe it to my readers to find out..."

A friend of mine who has

seen the stuff says that it is like paint except that it is very thick and sticky, and doesn't dry properly, but he isn't sure if it is designed to make a mess of your clothes or to stick to you. My feeling is that it wasn't invented at all. Things like this don't get invented. They are usually accidents.

For instance, I remember reading 20 years ago about some chemical company that had been trying to create one thing, a cure for athlete's foot or something similar, and had come up with something quite different - a cream that turned things brown. That's all it did. Turned things brown. It was useless. They were about to throw it away when someone had a brilliant idea. It was not quite useless. They could market it as a suntan aid. They did, and made a fortune.

Similarly, you can imagine a paint firm coming up with one that never dries, and has an unpleasantly adhesive quality, and the paint is about to be ditched for ever, when some keen young executive cries: "Wait! I have a chum



Miles Kingston

working for the Lothian Region who tells me they are desperate for a way of stopping people climbing on to bus shelters! This could be the answer!"

Months later, everyone is either very happy, very rich or stuck to the top of a bus shelter in Edinburgh.

Perhaps in the early hours of the morning the Edinburgh police send round a bus shelter recovery team. Mission: inspect the top of all bus shelters. Aim: locate and remove all persons sticking to them, and take them to hospital to be treated for exposure.

"Stuck out all night, were you?"

"Yes, doctor."

"What mountain were you up on?"

"It was not exactly a mountain..."

"Was it very high?"

"About 10 feet."

"[Titter]"

"Well, you see, I'm an investigative journalist, and I wanted to know what this anti-climb paint on bus shelters was like..."

"So you've been stuck up on a bus shelter all night?"

"Yes."

"Did you not call for help?"

"I banged on the roof of the bus shelter, but the people below me in the bus queue thought it was the queue upstairs having a bit of a wild time and banged back."

Potentially humiliating. But not as bad as another humiliation which could take place a quarter of a mile away, in Rose Street there is a large climbing and walking shop called Tiso, and on the third floor, where they sell all the climbing and walking boots, there are various places where you can test your footwear.

There is a ramp on the floor down which you can walk to see if the toes behave properly when you are going down a steep mountain. And there is a wall nearby which has plastic imitation rocks screwed to it, so that you can climb up it with your new climbing boots to test their holding qualities. (The imitation rocks were probably invented in the same way as the suntan aid or the anti-climb paint - by ignorance.)

Beside the wall, there is a notice that I have never seen before in a shoe shop, saying simply: "Customers use the climbing wall at their own risk." You can see the point. No shoemaker wants a serious climbing accident in his shop. But then no customer wants to be taken to hospital this way...

"Hello, it's you again. Been stuck on another bus shelter?"

"No, doctor. It's a climbing accident this time."

"A climbing accident? On a bus shelter?"

"No, doctor. In a shoe shop, actually..."

The very model of a modern social democrat

Considering Labour's recent initiatives, you'd be forgiven for thinking that the SDP breakaway never happened.

The biggest surprise about Tony Blair's decision to answer happily to the term "modern social democrat" is that it should be a surprise at all. The anonymous Sunday Times at the weekend that Blair's remark was a rash and retrospective endorsement who broke away from the Labour Party in 1981, is missing something important. Let's not dwell on the pleasing but now irrelevant irony that the term has an impeccably Marxist pedigree, that it was used approvingly by Rosa Luxemburg, or that the founding fathers of the British Communist Party. No, what the Blair critic is missing is the point that all the goals which the Gang of Four decided they couldn't achieve within the Labour Party of the early 1980s, have now been realised - the reversal of unilateralism, the acceptance of the EU, (both by Kinnoch) the return of the party to its members (by Kinnoch, Smith and Blair), and an embracing of the private sector (most spectacularly by Tony Blair, through the replacement of Clause IV).

You can argue endlessly about whether they were right to break away, but you can't

argue that the SDP breakaway would have happened if Labour was what it is today. Every prominent member of the Labour Party has signed up to a party which is now fit, at least in terms of its policies, for an ex-SDP member to live in if he or she chooses. The official line from the Blair office is that this is a trifling argument about terminology and that Blair has always made it clear he is equally happy being called a social democrat or a democratic socialist, the term publicly preferred by John Prescott.

But that does Blair's choice of the term less than justice. "Democratic Socialist" has a cold war origin: it was a term that post-war Labour politicians, from Herbert Morrison on, used to differentiate themselves from East European communists. It was reinvented in the 1980s by Labour politicians precisely to differentiate themselves from the SDP. Both the circumstances which gave rise to the use of the term have now dissolved. Which John Prescott, a politician with a keen sense of Labour history, is certainly intelligent enough to know. Since Tony Blair came into office, there is no substantial change in party policy in which John Prescott hasn't played a part. And in that sense, however reluctant he is to do so, he



DONALD MACINTYRE

could justifiably paraphrase Lord Harewood and say: "We are all social democrats now."

As often, therefore, the spat is about something else. First, Mr Prescott is restive; there are real and unresolved tensions between the leader's office and his deputy's, involving Prescott's status in the hierarchy and the amount of information to which he has access. Secondly, and more importantly, there is continuing unease within the Parliamentary party, from sections of the Shadow Cabinet down, about whether, in the drive for middle class votes, the party is in danger of neglecting its core supporters. The degree of personal sympathy between Robin Cook and Mr Prescott has been greatly exaggerated; but expect a pointed and carefully crafted speech from

Mr Cook before too long, reaffirming Labour as the party to offer hope to the urban poor. This is a real enough worry, and Blair will have to address it at the party conference next month. He won't, of course, resile from modernisation, as he made amply clear at the weekend. But it is a fair bet that he will go out of his way to remind the conference that however modest-seeming the five pledges it will endorse in Blackpool may be - from a better NHS to youth jobs - the impact will be felt most keenly by some of the least privileged. To take just one example, law and order isn't the most fashionable issue among the Labour intelligentsia; but it's precisely in the poorer and least protected council estates that it is most unchecked.

Finally, he can draw on Labour tradition to demonstrate that social democracy has its roots deep in Party history. You don't, for example, have to look further than the pre-war South Wales miners, who furnished themselves with mutual welfare and libraries, to realise that self-reliance and supportive communities don't necessarily rely solely on the state.

It's true that the term "modern social democrat" consciously rejects not only state

socialism but also the tax-and-spend philosophy of Tony Crosland. But it also carries the inherent message that the market cannot, alone and unfettered, answer the people's needs. It expresses, for all its connotations in the factional history of the party, the real distinction between neo-Thatcherism and its only seriously viable alternative.

It still seems hardly decent to say so, but on the day of John Smith's death I was discussing the possible succession with two Labour MPs, one a member of the left wing Campaign Group, who declared himself for Tony Blair. But, said his astonished colleague, Blair's a social democrat. "Well," said the Campaign Group member, "social democracy is a great deal better than what the country's had for the last 16 years." Exactly. That analysis, rather than the one on offer from Blair's anonymous front bench critic at the weekend, makes two important points. First, for all the huffing and puffing Tony Blair hasn't told us anything we didn't know already.

But secondly, Blair isn't just distinguishing new Labour from some of its quite recent past: he is also drawing the real, rather than the imagined, dividing line between Labour and the Tories.

Time to drop an E, Mother Teresa

It's never too late to abandon sainthood, says Jack O'Sullivan

There is still time for Mother Teresa. The word from Calcutta is that she's wobbly but should be out of intensive care shortly. She has a chance then, however remote, to avoid impending sainthood. Mother Teresa should grab it with both those gnarled Albanian hands. Otherwise she will never get a moment's peace again.

In the past, good souls such as herself, worn out by a lifetime of selflessness, had plenty of time to recover before the next step: it took nearly three centuries for the 40 English Reformation martyrs to be declared saints in 1970.

These days, though, the process is becoming indecently quick. No longer are two miracles needed for beatification and then another couple for sanctity. Now nine suffices on each count. And the old "devil's advocate", appointed to dig the dirt on a would-be saint, has been abolished.

This amounts to a fast track to sainthood. Escrivá de Balaguer, founder of the religious order Opus Dei, died in 1975, but he has already been beatified. Who knows when this Pope, who has canonised more folk than all his predecessors combined, will grant him the ultimate accolade? As for Mother Teresa, given her record, she may barely get through Purgatory and past the Pearly Gates before duty calls again.

And of duty, there is plenty. Being a saint is not just about playing a bigger harp than everyone else. You have to intercede with Himself for us lesser mortals. The work load can be very heavy. Think how many people consult St Anthony, patron saint of lost property. Given her CV, Mother Teresa would no doubt be given a portfolio covering the poor, a remit currently held by two 13th century saints - Anthony of Padua and Ferdinand III of Castile. The trouble is, that once a saint, you never know when the call to duty will come. St Bona lived in the 12th century and was famed for enjoying pilgrimages. Imagine her surprise when Pope John Paul XXIII made her the patron saint of air stewardesses. Or the confusion of St Fiacre, a seventh century Irishman who now finds he's patron saint of taxi drivers. St Jude had the toughest deal. For nearly two millennia, the worst thing that had happened to him was being martyred. Then in the 1920s he was given the "hopeless causes" brief in a ruse to raise money for a church in Chicago.

Of course, it isn't easy to undo a blameless life at this stage. Once past 80, promiscuity and excessive drug-taking are out. Mother Teresa can't rev a souped-up Ford Capri, pop a few "E"s and let the wimple fly. She's stuck now with the sins of old age - gluttony, pride, avarice, complaining about the nurses, that type of stuff. It'll be tough to be bad. But Mother Teresa should weigh up her options carefully. Sainthood sounds like hell.

London: capital of the revolution

Why do Islamic dissidents in exile flock to the UK? Emma Daly reports on the eve of a major rally

London, shouts the press release for next weekend's Rally for Islamic Revival, "the capital of the world-wide Islamic movements". The rally, aka the 1996 International Islamic Conference, is intended to draw thousands of Muslims, local and foreign, to London Docklands to discuss the way forward to a single Islamic state. It will, continues the press release, "maintain London's leading position in the Ummah as the centre for political revival of Islam, and the main opposition centre for the eventual Islamic revolution in Muslim lands".

This might surprise those accustomed to seeing Islamic dissent as the intellectual face of terrorism and to hearing Michael Howard's assaults on asylum-seekers. But Britain has a glorious history of hospitality to political radicals - and with the demise of apartheid and the fall of the Wall, Muslims opposed to their own governments are the last dissenters of the 20th century. Most flee authoritarian repression; some are seeking liberal democracy; others want Allah's heaven on earth.

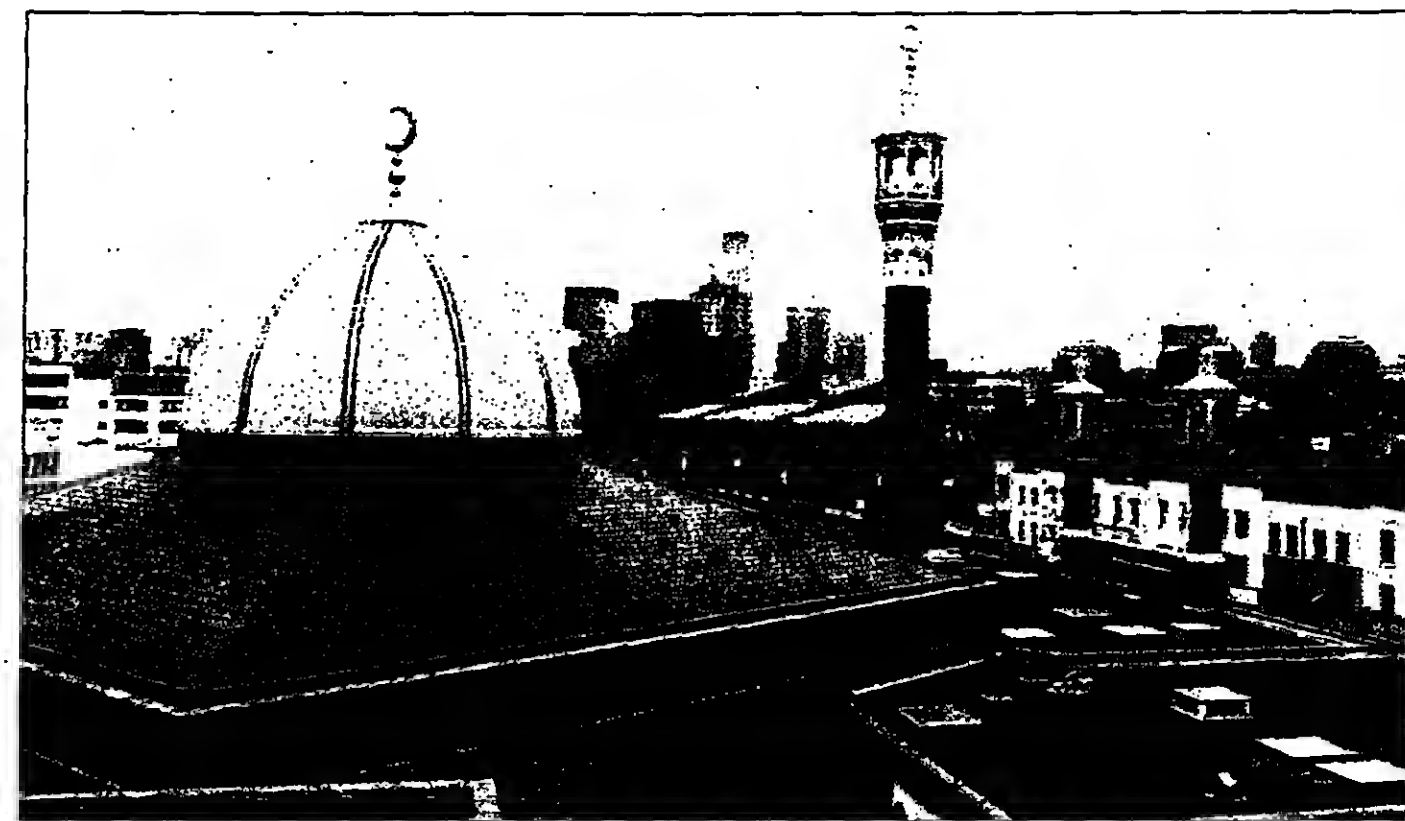
Sheikh Omar Bakri Muhammad, the man behind the Rally for Revival, is a Syrian opposed to all the present Middle Eastern and Asian Muslim regimes. For him, even the Islamic Republic in Iran is heathen and corrupt, let alone the dictatorship in Iraq and the Kingdom of Saudi Arabia. Egypt and Algeria have complained about the meeting and asked the British Government to ban it; some delegates, Mr Muhammad says, have been denied visas for Britain or have been turned back at airports.

However, he has few complaints about the authorities in Britain, acknowledging that he is able freely to conduct his mission for a global Islamic revolution. "They believe in freedom of speech, so they must practise what they preach," Mr Muhammad, who has applied for British citizenship, says. He relishes the paradox that his proselytising is aimed

at destroying the system that allows him to preach in the first place. He adds that the British sowed the seeds of their ultimate downfall through their support for Kemal Ataturk and the collapse of the Ottoman Empire, the single Islamic state cherished by Mr Muhammad. "Because London called for the destruction of the Khalifate on 3 March 1924," he says, "the conspiracy against Islam and Muslims comes from Britain." But "this has backfired on [the British] ... from that day, the Muslims looked to Britain as the head of the Western powers that caused destruction."

Other Muslim expatriates explain London's premier position in the Islamic opposition scene differently. "It is because of the history of Britain and the Empire," says Mai Ghossein, who runs the Saqi bookshop in west London. "All English-speaking Arabs come to London. It is a tolerant city - people can dress the way they want to, for example." Moreover, a large section of the Arab press - both official and dissident - is printed in London, which assumed the mantle of Middle Eastern communications centre from Beirut as a result of the Lebanese war.

"Most of the so-called fundamentalists in this country are only dangerous to themselves," says Foad Nahlid, editor of the Muslim weekly Q-News, who feels that British Muslims are constantly and unfairly tarred with the



brush of dangerous fundamentalism. "For the vast majority here there's a lot of worry about anti-Muslim bias, about how they're going to pay their mortgages and educate their kids. After that they don't have time to think about the global Islamic movement."

Ms Ghossein and Mr Muhammad agree that in Britain, Muslims and/or Arabs of all persuasions can meet on common ground. For her, London

offers a common language and a "cultural space" in which people can browse through political tracts or poetry, and wear anything from the floor-length black chador compulsory in Riyadh to the smart Western suits that he favours. Mr Muhammad would almost certainly have been imprisoned if he lived in Syria. His rally is supposed to hear videotaped messages from jail cells: a

He has been asked to pay for extra security around the Arena nevertheless, and the Jewish community at least is worried about the presence of Islamic radicals. "We regard it as one of the major threats facing both us and the general community," says Mike Whine, spokesman for the Board of Deputies of British Jews. "Many Islamist groups are violently anti-Western. They regard Britain as an enemy ... [and] contain a greater or lesser extent anti-Semitism within their general outlook."

Mr Whine does say that such extremists represent "a very small minority" within the Muslim community, but his fears are shared by the Government. It plans a law to give British courts jurisdiction over "acts of conspiracy and incitement" committed in the UK in respect of offences committed abroad. This, the Home Office says, "will also help to control the activities of foreign extremists who use this country as a base to plan or encourage criminal acts abroad."

But one man's terrorist is another man's freedom fighter. Activists of

Algeria's Islamic Salvation Front continue to operate in Britain. Last week, Nadir Remli, an Algerian with British citizenship, was handing out copies of *The Enlightenment*, an FIS newsletter, outside the Regent's Park mosque. "No room left to reason [with] the criminal military regime in Algeria!" says the headline. An inside page offers "News of Jihad and Mujahadeen" in Algeria, with an approving tally of soldiers and policemen killed recently.

But he says he does not want to remain in Britain for ever. "This is not paradise, this is a bridge. We will go back [to Algeria] when it is like Britain and we can worship our God and we are in full control of our destiny."

Should the FIS win control of Algeria, it is unlikely to repeat the democratic experiment that would have brought it to power in 1992 - Algeria will never be like Britain. At the very least there is a risk that this weekend's conference is exploiting Britain's liberal tradition; but bending it would diminish the principles that uphold our society and be a victory for those who seek its destruction.

"The British believe in freedom of speech, so they must practise what they preach"

brush of dangerous fundamentalism. "For the vast majority here there's a lot of worry about anti-Muslim bias, about how they're going to pay their mortgages and educate their kids. After that they don't have time to think about the global Islamic movement."

Ms Ghossein and Mr Muhammad agree that in Britain, Muslims and/or Arabs of all persuasions can meet on common ground. For her, London

THE CENTRAL FACTS FROM THE COURSES YOU ALWAYS MEANT TO TAKE, IN 25 LECTURES

Metaphysics was traditionally about life, the universe and everything. The Greek philosopher began the search for a convincing answer to the question: what, if anything, underlies the world as we know it? And philosophers since, whether idealists or realists, theists or materialists, have taken up this question.

But one of the most famous of 20th-century philosophers taught that metaphysics is impossible, a futile exercise in pondering the imponderable and ending up talking nonsense. In his book *Language, Truth and Logic*, published in 1936, AJ Ayer argued that metaphysical speculation is literally meaningless. The big questions about the existence of God, of purpose in the world, of an overarching explanation of what it's all about are simply beyond our ken; they are not worth talking about.

Ayer had just returned to Britain from his exciting conversations with the Vienna Circle, a group of philosophers known as Logical Positivists. They taught young Freddie to recite the Verification Principle, which, let it be admitted, is itself a bit of a conundrum. It says: "The meaning of a statement is its method of verification." Which being translated reads: If you want to know whether something is

the case, step outside and take a look. Except, that is, for mathematics, in which case you don't have to step outside; you just know that mathematical propositions are true by the meanings of the symbols themselves. In the jargon, they are said to be "analytic". Everything else you verify by observation.

Of course, when it comes to observation, you have to know where to look. We know where to look for tables and chairs - or at least for what Ayer called "sense-data" of them. But where do you look for such as God or purpose or the meaning of life? According to Ayer and the Verification Principle, we don't know where to look for these things. We don't know what sort of evidence would count for their verification.

A whiff of Logical Positivism has hung about ever since Ayer's day. Most people regard metaphysics as one of the childish things which the brave modern world has put away. But a few philosophers did reply to Ayer, asking the inconvenient question: "Hang on a minute - this Verification Principle of yours - how do we go about verifying it?" You can't verify it by the only means of verification that the principle itself allows. And so there are no Logical Positivists left nowadays.

The lesson is that we can't



WEEK 5 DAY 2

Metaphysics

VISITING LECTURER: Peter Mullen

A final examination will be set at the end of term. All graduates will be awarded a diploma and the ten best results will receive a year's subscription to the Independent



help doing metaphysics, one way or another: even the Verification Principle itself is a metaphysical doctrine because it sets out the limits to what can be known.

So where should we turn for an exposition of metaphysical philosophy? Before you try the rest, try the best.

Plato (428-347BC) was perhaps the first systematic metaphysician, and he suggested that reality is hierarchical. It begins with the lowest of phenomena, such as dreams and fantasies, and progresses upwards on the ladder of being through physical objects towards mathematical objects and finally to Ideas or Forms, which, for Plato, are the perfect examples of things (eg, tables and chairs) and qualities (eg, colours). The highest reality of all is the Form of the Good.

When the Middle Ages rediscovered Aristotle, a great metaphysical row broke out. This was called the Realist-Nominalist controversy. Is there such a thing as redness apart from red objects, or are general terms only names? William of Ockham (1285-1349) was something of a referee in this squabble - though actually he was rather partisan in favour of the Nominalists. He gave philosophers a maxim which was known as Ockham's razor, *Entia non sunt multiplicanda praeter necessitatem* -

roughly, Don't have more things in your metaphysics than you need.

The row rumbled on for centuries, until Kant (1724-1804) came along and changed the rules. The gist of Kant's *Critique of Pure Reason* is: Forget all this pretension to know the meaning of life, the universe and everything - for you can't know these things. Humans understand the universe as a small understandable garden. In other words, we can only understand what we are equipped to understand. For Kant, these things were mere appearances, *phenomena*; we cannot see through appearances to the *noumena*, how things are in themselves.

It was just this view - that we could somehow see reality clear - that made the Logical Positivists see red, so to speak. The post-war Existentialists also regarded all metaphysics as a kind of personal affront. Jean-Paul Sartre, for example, said metaphysics is impossible because it deals with essences, whereas the reality is that "my existence precedes my essence".

Maybe FH Bradley (1846-1924) displayed the right sort of philosophical phlegm about these matters when he said: "Metaphysics is the finding of bad reasons for what we believe upon instinct."

Tomorrow: Logic

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Farnborough '96: British Aerospace sees merger of European defence companies as only hope against US competitors

Bae proposes grand European defence strategy

MICHAEL HARRISON

British Aerospace is spearheading attempts to create a single European commercial aircraft and defence grouping by the turn of the century to compete with the might of the Americans.

The hugely ambitious strategy would see Bae disappear as an independent company over the next five years through a merger with one or more of its counterparts in Germany, France, Italy and Spain.

Bae has not ruled out a merger of its military aircraft and missiles business with GEC as a forerunner to the creation of an all-embracing European aerospace holding company.

The aim of the strategy would be to establish a grouping with the scale, resources, technological know-how and marketing power to take on the likes of Lockheed Martin and Boeing of the United States.

Senior Bae executives liken it to the creation of an aerospace version of Royal Dutch Shell or Unilever.

One said: "The case for Europe getting together is overwhelming because if we don't have consolidation across Europe the Americans will win. If British Aerospace still exists in its present form in five years, then we will have failed."

The Deputy Prime Minister, Michael Heseltine, yesterday backed the calls for the further restructuring and consolidation of the European defence industry to match developments in the US.

He told delegates at the Farnborough Air Show: "Europe faces the same dilemma and we haven't moved with sufficient speed."

The restructuring of Europe's aerospace industry is already under way. The four partners in the civil aircraft manufacturer Airbus Industrie - Bae, Aerospatiale of France, Germany's Daimler-Benz and Casa of Spain - have agreed to transform the consortium into a single corporate entity by 1999. Separately, Bae and the

Franco-Italian group ATR have merged their regional aircraft businesses through a joint venture called AIR.

Bae is also seeking joint ventures for its own military divisions. Its missiles business was merged last month with Matra of France and the combined group intends taking a stake in the French defence electronics business, Thomson, when it is privatised later this year.

Bae now envisages bringing other partners into the process so that in time Europe has just

mediate anti-trust complications by robbing governments of competition for defence contracts other than from US manufacturers.

Unlike its US counterpart, the European Aerospace Industry is structured to accommodate national defence procurement programmes of different countries.

Bae is also under no illusions that issues of national pride, jobs and technological leadership will also need to be addressed.

There are already concerns that the restructuring of Airbus will involve job losses of up to 20 per cent along the 30,000 workers directly involved in the consortium.

There is also likely to be as huge battle over the assets that each of the four partners puts into the new company and how they will be valued. Privately, senior Bae executives believe that the timetable set for signing a binding memorandum of understanding by the end of this year will be difficult to meet.

On the domestic front, Bae appears to have ruled out an acquisition of a fighting vehicles business such as Vickers, maker of the Challenger tank, or GKN, which owns the helicopter manufacturer Westland and also makes the Warrior armoured vehicle.

But the prospects of a merger with GEC Marconi which specialises in defence, electronics, radar and weaponry, is bound to be heightened by the arrival next week of George Simpson as GEC's new chief executive.

Mr Simpson, a former deputy chief executive of Bae, intends to carry out a fundamental re-evaluation of GEC strategy and could, insiders believe, be the man to forge an alliance with Bae. GEC and Bae held unsuccessful merger negotiations 18 months ago but could not agree terms. However, there is still strong support within the Bae boardroom for a deal. "My own view is that Bae and GEC should have happened years ago," said one Bae board member.



George Simpson: Seen as the man to forge an alliance

one manufacturer of civil aircraft, military aircraft, military engines and missiles.

Rival aerospace groups such as Aerospatiale and Dassault in France, Daimler in Germany, Alenia in Italy and Casa would pool resources to create a single dominant supplier.

Overseeing this would be a European holding company in which each of the big aerospace companies had equity stakes.

The plan is being actively supported by the British government. Representatives of the Ministry of Defence and the Department of Trade and Industry sit on the National Defence Industry's council, the body which is co-ordinating moves towards European consolidation.

Nevertheless the strategy faces some daunting obstacles. The creation of single European suppliers would raise im-



Slow-coaches: Michael Heseltine, in the cockpit of a model Eurofighter 2000 at Farnborough, says Europe must move faster

Photograph: Reuters

Boeing mauls Airbus super jumbo plan

CHRIS GODSMARK
Business Correspondent

Boeing yesterday savaged rival plans by the European Airbus Consortium to develop a "Super Jumbo", the next generation of large passenger airliner. At the opening day of the Farnborough Air Show, the jamboree for the UK's aerospace industry, the US plane-maker giant claimed Airbus forecasts for the market for such a plane were unrealistic. "This might be a good time to offer a reality check," said Ron Woodard, president of Boeing's Commercial Airplane Group. He claimed his company's predictions of the likely demand for 500-seater jumbos was almost one-third of Airbus's.

The European consortium plans to build a huge double-decker aircraft, the A3XX, that could seat up to 1,000 pas-

sengers. Airbus has a team studying the project and claims it could be developed for \$3bn (£5bn).

Boeing and Airbus have previously collaborated on the development of a super-jumbo, the so-called Very Large Commercial Transport, but the talks came to nothing.

Mr Woodard said both sides had then agreed the cost would be between \$12bn and \$15bn. "We concluded that there simply wasn't a large enough market to justify that size of investment. We don't think much has changed since then," he said.

The Boeing plan is for a more modest stretched version of the existing jumbo jet, the 747, which dates in basic design from the late 1960s.

The new 747-500 and 600 would seat from 460 to 550 passengers, requiring a longer fuselage, new wings and engines. Boeing estimates this

programme alone will cost \$5bn to develop with a price tag of \$230m per plane when the first one is delivered in 2001. The two sides differ radically over the anticipated demand from airlines for super-jumbos with more than 500 seats.

Airbus believes that lack of runway space and environmental considerations will encourage carriers to cram more passengers on to larger aircraft. Over the next 20 years that should translate into 1,400 orders for the A3XX.

Boeing argues there will be enough room for more frequent flights and, coupled with the trend towards non-stop long-haul travel, the demand for super-jumbos will be less than 500, insufficient to justify the development budget.

Privately, European aerospace companies accuse the US of using the failed collab-

orative talks to delay Airbus gaining a foothold in a market which Boeing has, until now, monopolised.

Yesterday Airbus was scathing about the latest Boeing attack. "The smaller number they are using is a self-serving proposition to support their claim that there's only room for one aeroplane," said David Venz, an Airbus spokesman.

He insisted the A3XX would be 20 per cent cheaper to operate per passenger than a conventional 747. Due to enter service in 2003, the A3XX will have to be one-third funded by European governments in what Airbus describes as "refundable loans".

The consortium, which is planning to convert its structure into a conventional company, also needs to attract partners, probably from the Far East, to share the risk and pro-

vide 40 per cent of the capital. But Boeing has troubles of its own with the 747-500-600. Hopes that the plane would be formally launched at Farnborough were dashed because the company had failed to persuade an airline to make a firm order. It hopes to achieve this by the end of the year.

However, Boeing did use the airshow to announce \$6.5bn of new orders, of which around \$1bn are thought to have come from British Airways.

BA is buying four 747-400s, three 777-200s and three 757-200s. In addition, it yesterday brought forward the delivery dates for 10 more 747-400s which cost \$155m each.

Boeing said it planned to almost double production from 18 to 36 planes a month by 1998. It recently announced it was taking on a further 5,000 workers to cope with demand for the 777.

Morgan Grenfell fund manager suspended

JILL TREANOR
Banking Correspondent

Deutsche Morgan Grenfell has suspended a high flying fund manager, Peter Young, after stopping dealings in three of its funds valued at £1.4bn.

Mr Young ran two of the funds, which have all been suspended after the discovery of "possible irregularities on certain unquoted securities," according to Morgan Grenfell Asset Management, the fund management arm of Deutsche.

The suspension was "pending an investigation of the value of certain investments held by these funds," added the bank.

Sources said problems appeared to be related to the funds' holdings in the high technology sector, the doyen of 1995, which fell out of favour this year. Two of the three funds are unit trusts.

Imro, the investment management regulator, said it was conducting an investigation into the three funds, just days after

forcing Jardine Fleming to repay £12m to clients after a fund management scandal in Hong Kong.

A spokesman for Deutsche Morgan Grenfell declined to be more specific but the market swirled with rumours that a hole of up to £150m may have appeared in the funds, which in total contained £1.4bn of investments.

"The fund managers will meet their liabilities in respect of any irregularities identified in the course of the investigations into these three funds," Morgan Grenfell Asset Management said in a statement.

The decision to suspend the dealings was reached in conjunction with the funds' trustees - one of which is Royal Bank of Scotland - and in consultation with regulators.

Of the £1.4bn invested the regulators insist that no more than 10 per cent can be exposed to unquoted securities, a more speculative investment used to boost the value of a fund's performance.

Mr Young's two funds were the unit trust MG European Growth Trust and the Dublin listed MG European Capital Growth Fund, which is similar to a unit trust. The other is MG Europa Fund.

The manager of Morgan Grenfell's Europa investment trust - Stewart Armer - is not believed to be facing suspension or be under investigation. Dealing in all of Morgan Grenfell's other funds is unaffected.

The Securities and Investments Board (SIB), which authorises unit trusts, said funds could request suspension of dealings in their units for 28 days. If Morgan Grenfell wanted to extend the suspension it would need the permission of the SIB.

News of the suspension of the high-profit funds could cast doubt on Morgan Grenfell's bid for the Kleinwort European Privatisation Fund (Kepit), a £500m fund which has been approached by 10 independent fund man-

ager, with £70bn under management, it was seen as one of the leaders in the pack bidding for Kepit.

It wanted to broaden Kepit's mandate in a European fund. Fleming, also in the race for Kepit, may also have damaged its chances after Imro's fines last week.

Robert Fleming, the investment bank with a stake in Jardine Fleming Investment Management one of the fund management firms censured by Imro, confirmed yesterday it had brought back some £700m of funds managed by Jardine Fleming Investment Management in Hong Kong.

Jardine Fleming Investment Management is Robert Fleming's joint venture with Jardine Matheson, and analysts wondered whether Fleming was in the process of reconsidering its links with the fund management group. But, a spokesman for Robert Fleming denied the fact the funds had been brought back to London was connected to the Imro fines.

Manufacturers begin to benefit from rising consumer spending

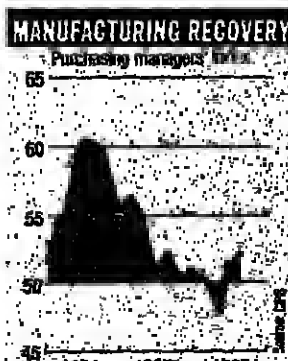
DIANE COYLE
Economics Editor

Manufacturing industry is at last starting to enjoy the trickle-down benefits of the consumer recovery, according to new survey evidence.

Separate figures yesterday suggested consumer spending is still gathering steam, with the growth in retail circulation returning last month to its fastest pace since January 1989. Halifax Building Society confirmed that house price inflation in August picked up to its highest since the housing bubble burst in 1989.

Some City experts concluded that the Chancellor, Kenneth Clarke, would have to resist the temptation to cut base rates. Others predicted he would slip in another reduction - perhaps after tomorrow's meeting with Eddie George, Governor of the Bank of England.

"A cut in rates before it is too late can not be ruled out, even though the economic case is very flimsy," said Paul Mortimer-Lee, chief economist at Paribas. The signal that recovery is



under way in manufacturing was provided by the purchasing managers' survey. Its activity index climbed to 51.9 in August, its highest in a year and comfortably above the 50 watershed between growth and recession.

The Treasury welcomed it as an indicator of "brighter prospects" in manufacturing. The increase could be echoed by an improvement in the official figures for manufacturing output, so far stubbornly weak.

Mr Clarke and Mr George are likely

to have a preview of the industrial output statistics.

Yesterday's survey suggested that consumer demand is filtering beyond the consumer goods industries to intermediate industries. These saw a sharp fall in their stocks of unsold goods for the third month running.

Consumer industries have started re-building stock levels. "This is a clear signal that the excess stock levels which have haunted manufacturing this year are over," said Sean Shepley, an economist at CS First Boston.

Overall, output rose sharply last month while new orders remained at a high level. Employment changed little, hovering near the 50 mark. The prices index picked up but remained extremely low by past standards.

Peter Thomson, director general of the Chartered Institute of Purchasing and Supply, said: "Although growth is well below the levels we saw in 1994, it is heartening to see a gradual upturn in activity."

Separate figures yesterday brought further signs of faster consumer spending. Cash in cir-

culation, the biggest component of the narrow money supply measure M0, expanded by 0.8 per cent in August, taking its annual growth up to 7.5 per cent from 7.1 per cent in July. The use of cash has not grown as rapidly since the late 1980s boom.

There was also confirmation that the housing market recovery is gathering pace. Halifax reported a 0.5 per cent rise in prices last month, the same as in July. Year-on-year house price inflation climbed to 5.7 per cent - similar to the 5.4 per cent reported by Nationwide building society last week.

Most economists now believe the economy is in no need of further stoking. "Manufacturing is going to get a lot stronger in the course of the next 12 months," predicted Robert Barrie at BZW.

A minority believe low inflation means lower interest rates would be warranted. "It is easy for the Chancellor to make a case for cutting rates again. Inflation is falling and the economy is still growing below trend," said Simon Briscoe, an economist at investment bank Nikko.

| STOCK MARKETS | | | | | | |
|---------------|------------|--------|-----------|-----------|-----------|-------|
| FT-SE 100 | Dow Jones* | Nikkei | Hang Seng | Hong Kong | Frankfurt | |
| 3884.40 | +16.80 | +0.4 | 3918.70 | 3832.30 | 4.03 | |
| FTSE 250 | -2.20 | -0.0 | 4568.80 | 4015.30 | 3.42 | |
| FTSE 350 | +8.50 | +0.3 | 1990.50 | 1816.00 | 3.90 | |
| FT Small Cap | +1.41 | +0.1 | 2244.36 | 1954.06 | 3.04 | |
| FT All Share | +6.04 | +0.3 | 1936.24 | 1781.95 | 3.83 | |
| New York* | 5616.21 | closed | 5778.00 | 5032.94 | 2.25 | |
| Tokyo | 20107.11 | -58.79 | -0.3 | 22668.80 | 19734.70 | 0.781 |
| Hang Kong | 11106.57 | -52.45 | -0.5 | 11594.99 | 10204.87 | 3.431 |
| Frankfurt | 2532.88 | -10.96 | -0.4 | 2683.49 | 2253.36 | 1.811 |

*New York closed, Dow Jones index is graphed on a Friday 24/12/98

FTSE 100: 1998-1999

Source: FT Information

Source: FT Information

| INTEREST RATES | | | | | |
|----------------|---------|---------|----------------|--------|--------|
| Short sterling | | | UK medium gilt | | |
| 1 Month | 3 Month | 6 Month | 1 Year | 2 Year | 3 Year |
| 5.75 | 6.00 | 7.88 | 7.94 | 8.00 | 8.02 |
| 5.24 | 6.25 | 6.75 | 6.28 | 6.97 | 6.61 |
| 0.44 | 0.92 | 2.86 | 3.08 | - | - |
| 3.09 | 3.34 | 6.32 | 6.63 | 7.12 | - |

| CURRENCIES | | | | | |
|------------|--------|----------|-----------|--------|----------|
| £/\$ | | | £/DM | | |
| Yesterday | Change | Year Ago | Yesterday | Change | Year Ago |
| 1.5585 | -0.35c | 1.5527 | 0.6412 | -0.09 | 0.6440 |
| 1.5588 | -0.02c | 1.5565 | 0.6411 | +0.01 | 0.6429 |
| 2.3188 | +0.00c | 2.2741 | 1.4889 | +0.01c | 1.4947 |
| 170.243 | +0.001 | 181.702 | 108.165 | +0.005 | 97.7050 |
| 85.5 | +0.2 | 84.6 | 96.4 | +0.3 | 94.0 |

GEC amends terms of Simpson package

PATRICK TOOHER

GEC last night howled to mounting pressure from institutional shareholders and amended the terms of a controversial £10m pay package awarded to its incoming chief executive George Simpson.

In a move designed in head off an embarrassing showdown at next Friday's annual meeting, GEC agreed to water down the conditions attached to Mr Simpson's long-term incentive plan.

The climbdown came after Richard Regan, head of investment affairs at the Associ-

ation of British Insurers, met representatives of the electronics giant yesterday for talks. GEC's share price must now exceed by at least 10 per cent the growth in the FT-SE 100 index over a three-year period for Mr Simpson to receive a huge block of shares, instead of the six months as previously agreed, the company said in a statement.

"GEC and Mr Simpson have always envisaged that challenging performance criteria would be attached to awards made to Mr Simpson under the GEC employee share plan," the company said.



COMMENT

The Eurofighter was conceived of at a time when German unification and the end of the cold war were still strictly for dreamers. Like most such projects, it has developed a momentum of its own and is still rolling merrily along in an age and set of circumstances for which it is wholly inappropriate.

The £15bn weapon that Europe no longer needs

At first sight, Michael Portillo's announcement of the go-ahead for the hugely ambitious Eurofighter programme is a big shot in the arm for British industry and technology. But as is usually the case with government announcements, it is not all it seems. For a start, this isn't really the go-ahead at all, since the project still requires the Germans, and to a lesser extent the Italians and the Spanish, to commit. If they don't, it is hard to see how the British can really go it alone. But let's assume that in all likelihood the others will follow our lead: the real puzzle of this enterprise is that seven years after the collapse of the Berlin Wall we are still ploughing ahead with it at all.

Consider first the cost - £15.4bn minimum. For this, Britain gets 230 state-of-the-art fighter aircraft (great toys, *Batman*) and creates about 15,000 jobs. That's £1m per job. Now let's be charitable about this and make the admittedly heroic assumption that these will be multiplied ten-fold in the field once the spin offs of the project into other industries are taken account of. That's still £100,000 per job, which even for high technology is going high.

This brings us to the third part of the Defence Secretary's justification - that it will keep Britain at the cutting edge of technology. There's something in this argument. The effect of high US defence spending is to turbo-charge American industry and technology; it is the great powerhouse of the US industrial success story. Though too

much can be made of the point, it is also America's way of doing something which is un-American, providing industry with a Government subsidy. But the point about spending of this sort is that it doesn't necessarily have to be on defence. It could just as easily be on sending a man to the moon, or in trying to find a cure for cancer.

The Eurofighter was conceived of at a time when German unification and the end of the cold war were still strictly for dreamers. Like most such projects, it has developed a momentum of its own and is still rolling merrily along in an age and set of circumstances for which it is wholly inappropriate. There will always be a demand for weapons of mass destruction, but we now live in a time which in this respect is much more akin to the Renaissance than the period we have just lived through. This is a time of "weapons for hire". That nations should still be competing with each other to develop the biggest and the best in weaponry, is an idea that's had its time.

The defence industry, in Britain and elsewhere in the world, has yet to reflect this new reality. British Aerospace proposes that the whole of the European aerospace industry be merged into one. This is at least a stab at the problem but is it something that anyone would really want? The idea of a single industrial complex to satisfy all Europe's needs is probably as undesirable in aerospace as it would be in any other industry. The only competitors would be the aero-

space companies of the US; given that the US on present form wouldn't dream of reciprocal treatment for the Europeans, the upshot would be that both blocs would retreat into protectionism and the old no-win, hugely expensive and largely pointless game of competing to develop the best in weaponry would begin all over again. But then that's how the defence industry wants it, is it not?

How to make £30m in just eight months

George Simpson of GEC is in the wrong business, if he really wants to make money. He should be in the City, and more specifically at Charterhouse Bank, where a handful of senior executives have made more than £30m in eight months out of Porterbrook, the train leasing company taken over by Stagecoach last month.

Porterbrook is already notorious for producing a profit of £30m for its directors and staff. The service Charterhouse provided to these winners of the privatisation lottery was to put together the management buyout that enabled them to make their fortunes. Four of Charterhouse's executives, led by the general Victor Blank, plainly decided the opportunity was too good to miss and helped themselves to a share of the action. This would not normally raise eyebrows in the venture capital industry, where it is

common and accepted practice for executives to invest in the firms they are promoting, sharing the risk with their clients. But this one was different, not least in its exceptionally debt-gearred nature. The company, sold by the Government for £534m early this year, had only £2.5m of core equity, which became worth almost £400m at the bid price.

Thus the Charterhouse executives were able to turn an initial investment of just £89,000 into £12.7m. On top, they make a cool £20m from their personal share of the profits made by the Charterhouse venture capital fund, which also invested in Porterbrook. It hardly needs saying that all of them faced negligible risk - for well-paid merchant bankers - of at worst £89,000 of their own money. The real downside, if the company had turned out to be a dud, was born by the providers of bank finance and preference shares. Just a question of the luck of being in the right place at the right time? For some reason it doesn't look quite that way.

Unilever tries a brand-new approach

Not so long ago, business schools were holding up Unilever's legion of different margarine brands as a prime example of good marketing. They even had a name for it - "space packing". By offering Flora for the health-conscious, I Can't Believe It's Not Butter for those with sensitive taste-buds, and

so on, Unilever simultaneously managed to cater for virtually all consumer groups while at the same time shutting out competitors by occupying all the available supermarket shelf space. That was the theory, anyway.

This approach now seems to be going the way of so many other management theories, and the Anglo-Dutch consumer goods company is setting its faith by the latest fashions - economic value added, core business, focus and the aim of concentrating on being number one or two in each of the sectors operated in.

Streamlining a portfolio that now extends to about 1,000 brands around the world (arch-rival Procter & Gamble only has 300) has been on the agenda since Niall Fitzgerald was named as Sir Michael Perry's successor late last year, but the scale of the action now being proposed - cutting out businesses accounting for up to £7bn of annual sales, or a fifth of the total - is much greater than expected.

Given Unilever's recent record, a steady-as-she-goes policy was never going to work for Mr Fitzgerald. The Persil Power fiasco and trouble with the competition authorities over the distribution policies of Wall's ice-cream were clear signs that things needed to change at this £30bn-a-year company. Mr Fitzgerald is proposing to move quite slowly on the brand rationalisation; there will be no big bang. All the same, change on this scale is plainly high-risk. Let's hope Mr Fitzgerald knows what he is doing.

Unilever planning £7bn campaign to catch arch-rivals

ROGER TRAPP

Anglo-Dutch consumer goods company Unilever is planning to sell or close down businesses accounting for up to £7bn in sales in an attempt to put it back into contention with arch-rival Procter & Gamble, the US company it lost out to in the "soap wars".

The moves being overseen by Niall Fitzgerald, who has this week taken over as chairman of the British arm of the company, will focus on streamlining a brands portfolio that is about 1,000-strong and includes such household names as Persil washing powder, Dove soap, Jif and Domestos household cleaners, Magnum and Popsicle ice-creams, Lipton and Brooke Bond PG Tips teas, Flora and Blue Band margarine, Batache's soups, Oxo and Birds Eye frozen foods. By contrast, P&G has about 300 brands.

Mr Fitzgerald, who has been briefing managers on his plans in the months leading up to taking on his new role, is expected to publicly announce the biggest shake-up at the company for 30 years at a fund managers' conference in Boston, Massachusetts next week. However, analysts predict that there will

be few specific details then. Instead, the programme, aimed at boosting profitability by abandoning brands that account for about a fifth of the company's annual sales, will become clear over the coming months and years. Mr Fitzgerald has set 1997-98 as the time by which the company has "at least put the plan in place".

His aim is to concentrate resources on products that are capable of being either number one or two in their markets and so improve returns in the mature markets and free funds for investment in developing countries.

"We will be disappointed if, early in the next century, these markets are not about half our business, because the growth rates are so enormous," Mr Fitzgerald said at the weekend.

Weaker brands set to be dropped span all the company's operations - from food, through cosmetics to detergents. But foods are felt to be under particular pressure, with the John West canned-fish business thought to be a candidate because the company has already considered selling it.

"The key criterion is whether we have brand leadership or a realistic possibility of it. If not,

we will look carefully at whether we continue with that product," he added.

The streamlining plan follows a management restructuring initiated by Mr Fitzgerald following his appointment as the next chairman despite being in charge of the detergents business at the time of the Persil Power fiasco.

Both moves are part of an overall programme designed to repair the damage caused by that episode.

Though observers say it will take the company two to three years to achieve the plans, a spokesman pointed out that the process aimed at "sharpening up Unilever's focus" was already under way.

It had recently disposed of the loss-making Matsons Wall's meat-products business and acquired the profitable Colman's of Norwich mustard company and become the second-largest producer of industrial cleaning products by acquiring Diversy from the Molson Companies of Canada, while in the cosmetics field it had acquired shampoo producer Helene Curtis and sold lipsticks supplier Rimel.

The company last month reported first-half profits of £1.12bn on sales of £16.5bn.



The soap war losers fight back: Niall Fitzgerald is overseeing the streamlining of a 1,000-strong brands portfolio compared with Procter & Gamble's 300

SFA to tackle accountability at senior levels

JILL TREANOR and PETER RODGERS

New rules to be published today by the Securities and Futures Authority will make it easier to discipline senior executives of City firms such as Barings that get into serious trouble.

The proposals were drawn up following widespread criticism earlier this year, when Peter Baring, former chairman of Barings, and Andrew Tuckey, his deputy, escaped prosecution by the SFA for rule breaches.

A key element of the SFA proposals is that if there is a catastrophic failure the burden of proof will be shifted, so that top executives will have to demonstrate that they have properly used all their powers.

At present, the burden is the other way round, because the SFA must prove the executives have failed to do their duty, which is a much harder task. Any shift in the burden of proof is likely to be highly controversial among SFA members.

The SFA's present rule-book says senior executives have ultimate responsibility for compliance with the rules. But the statement is so general it has proved impossible in cases such as Barings to pin down any specific offence on which charges can be brought.

Under the new proposals,

which are being circulated for consultation, top executives could be prosecuted by the securities regulator for falling down on a number of more specific management responsibilities, such as ensuring proper control systems are in place.

Nick Durlacher, chairman of the SFA, confirmed that the SFA proposed a change in the burden of proof in the case of catastrophic failures. He said "it will be up to senior executives to demonstrate that they have discharged all their powers".

The other main thrust of the document will be more detailed guidance on the responsibilities of senior managements.

The new rules are expected to spell out several objectives senior executives must aim for, including the standards by which they manage the business, the quality of internal controls and the adequacy of risk management. The SFA is also expected to change its rules to allow the regulator to say more public about cases it investigates.

The SFA has refused to say whether the proposed new rules would have led to prosecutions of Mr Baring and Mr Tuckey.

In the summer, Mr Durlacher said inquiries "did not uncover evidence of wrongdoing by them that would have sustained a prosecution for rule breaches".

IN BRIEF

- The French economy shrank 0.2 per cent in the second quarter of the year, according to a leading indicator calculated by the Caisse des Depots et Consignations. The first quarter saw a 1.2 per cent increase in GDP but the economy has since weakened significantly. Official figures are due tomorrow. Most economists are forecasting a gradual return to growth as the year draws on.
- Smith & Nephew has acquired a US fracture splinting business, Parker Medical Associates, for £28m cash. Smith & Nephew said its existing US casting product line will be merged with Parker, creating a casting and splinting business with a US market share of 8-9 per cent. Parker, a manufacturer and distributor of multi-layer coated glass, is based in Charlotte, North Carolina, and made operating profits in 1995 of £2.2m on sales of £7.0m.
- Blenheim Group's shares fell 15 per cent to 337.5p yesterday in the wake of Friday's after-hours statement from the conference and exhibition organizer that it was no longer in talks about a potential takeover bid. Potential bidders for the group were understood to include Reed Elsevier, the British/Dutch publishing and information company, and United News & Media.
- John Lewis Partnership said sales for the four weeks to 24 August were up 13.6 per cent from a year earlier and up 23.9 per cent on two years ago. Sales in the group's department stores were up 8.6 per cent from a year ago, while sales in the group's food stores were up 8.6 per cent in the first four weeks of the second half of the year to January. The company said it expects sales for the second half of the year to January to be up 7.5 per cent from a year earlier, with the estimate unchanged from last week's.
- Societe Europeenne des Satellites said its mid-year survey found its Astra fleet of satellites beaming TV channels to 64.0 million households, up from 58.9 million a year earlier. Reception via direct-to-home and communal reception systems rose to 22.00 million households, from 21.43 million, while cable networks accounted for 41.97 million households. "Throughout Europe the Astra satellite system is the market leader and reaches 94 per cent of satellite and cable households," the company added. According to SES surveys in 15 countries, just 7.9 per cent of direct-to-home and communal reception households receive channels only from other systems and 17.01 million households exclusively from Astra.
- The newly refurbished Trocadero centre in London has signed a £3m sponsorship deal with drinks firm Pepsi. Under the terms of the two-year contract, the Piccadilly Circus entertainment complex will be re-named "Pepsi Trocadero", and its space age decor will take on a distinctly blue feel, with Pepsi's new brand colour. The deal will also see the Pepsi logo on the new "Blue" and imagery dominating the theme, which the firm says will "reinforce" the link between Pepsi and the youth market. The deal coincides with the centre's re-opening after an 18-month, £50m re-fit, transforming it into a "21st century space mother-ship" according to Burford, its property group owners. Burford paid £94m for the centre in 1994, and floated it as a separate company on the Alternative Investment Market last October.
- Geest has appointed Ian Menzies-Gow as full-time executive chairman. He joins from Hanson where he was a associate director and, most recently, chairman of Hanson Amalgamated Industries.

Unison to sue over pension mis-selling

BARRIE CLEMENT Labour Editor

Britain's biggest union is to join the legal battle being waged against large life companies and financial advisers for allegedly mis-selling personal pension plans.

Unison, the public service union, is to join the GMB general union and teachers' unions in suing companies that include Prudential Assurance, Pearl Assurance, Allied Dunbar and Abbey Life for selling policies under which individuals claim to have lost thousands

pounds in benefits. The big companies could lose millions of pounds as a result of the court action.

Unions claim that many companies have been given legal advice that they should delay decisions as long as possible.

Unison has finally "lost patience" with the reviews, which are being undertaken by companies on the advice of pension industry leaders. Glyn Jenkins, national pensions officer of the union, said yesterday that many members may lose out completely because their cases were approaching legal deadlines.

The GMB is expecting the first of its cases to come to court in November after a High Court ruling that they should be "fast-tracked" through the system. Bill Day, pension expert at the GMB, said that documents were being exchanged between union members and the companies concerned, although he expressed frustration at the continuing delay. "If these cases are in the fast track I dread to think about the 'slow track' version," he said.

Mr Jenkins said Unison was "dissatisfied" with the progress being made by the pension in-

dustry. He said the union believed that self-regulation of the industry was clearly not working.

The sector had in place a review programme which relied on the companies investigating their own practices. The review was not only behind schedule but open to conflicts of interest.

"Many people were encouraged by this Government to make their own pension arrangements. Unfortunately, this has left many people vulnerable to high-pressure selling from life companies and instead

of looking forward to a secure and happy retirement they are facing the prospect of scrimping and saving just to make ends meet."

A spokeswoman for the Personal Investment Authority said the review being undertaken still offered the best way of ensuring redress for investors who had been disadvantaged by mis-selling.

This redress would be without cost to the investor, she stressed. "We are determined to see that firms apply the process effectively, fairly and quickly."

AEA neuters 'fat cats'

PATRICK TOOHER

AEA Technology, the science and contracting arm of the state-owned Atomic Energy Authority, has come up with a novel way of defusing the row about "fat cat" salaries - free bonus shares for all employees distributed on an equal basis.

Announcing details of a privatisation that should net the Treasury about £200m, AEA's chairman, Sir Anthony Clever, yesterday pledged executives would receive no special treatment in the form of share options.

Instead, about 5 per cent of profits each year will be used to buy shares for all 3,500 staff. "There are no special schemes for directors," Sir Anthony said. "Everything is available to everybody. There are no plans for share options and there are no long-term incentive plans."

However, he did not rule out introducing so-called L-Tips at a later stage. "Obviously we will look at that in the fullness of time," he added.

The sale of AEA Technology, which is a spin-off from the Atomic Energy Authority, is the last high privatisation in the lifetime of this Parliament.

The Government is selling 100 per cent of the company, but is keeping "golden shares" that would veto any takeover attempt for three years.

AEA Technology, which specialises in offering safety, engineering, consultancy and computer services to the nuclear industry in the UK and overseas, reported operating profit of £19.8m in the year to 31 March on sales of £253.3m.

The placing is due to commence on 25 September.

Hays expands mail arm with £65m buy

Hays, the business services group, has expanded its UK business mail activities with the £65m acquisition of Inkhold, the holding company of ICS Corporation.

The deal comes less than a month after Hays abandoned its £1.14bn bid for Christian Salvesen, undermining the company's ambition to become Europe's biggest transport and distribution group.

Hays pulled out after its bid was rejected by the Salvesen board despite a significant improvement in the terms.

ICS provides a range of early morning delivery services through a national depot network handling some 800,000 items a night.

Hays said the services and customer base of ICS were complementary to those of Hays Document Exchange (Hays DX), serving the insurance, travel, optical health and Government sectors. ICS also offers facilities management

services, similar to those provided by Hays Workflow.

Hays said the acquisition would be immediately earnings-enhancing, before integration costs and before the synergy benefits the company claimed from combining the services of ICS, Hays DX and Hays Express Services.

Ronnie Frost, chairman of Hays, said: "There will be substantial benefits from integrating ICS into our commercial core activities. The acquisition will broaden the range of services and customers and provide a strong platform to expand into Europe."

ICS emerged in a management buyout in January 1995. For the period to 31 Dec 1995, Inkhold, the management buyout company, made an operating profit of £2m on turnover of £58.6m. The price paid by Hays includes the repayment of existing borrowings.

Hays' share price finished the day unchanged at 458p.

UN action against Iraq sends oil price surging

MAGNUS GRIMOND

Oil prices climbed to levels not seen for more than three months yesterday after Iraqi military incursions in northern Iraq against the Kurds prompted the United Nations to delay a partial lifting of the oil export ban.

Coming at a time of lower world-wide oil stocks and rising demand, the news sent Brent futures prices up to nearly \$22 a barrel, over \$1 higher on Friday's close, and triggered a surge in oil company shares.

The turmoil came after UN Secretary General Boutros Boutros-Ghali temporarily delayed the introduction of resolution 986, agreed in May, which would have allowed the first sales of Iraqi crude since the invasion of Kuwait by Iraq in 1990.

Iraq would have been allowed to sell \$2bn of oil over

six months to pay for essential food and medicine. Although Iraqi forces have now withdrawn after capturing the town of Irbil in one of the Kurdish "safe havens" on Saturday, the prospect of US military intervention has added to worries that oil supplies may be interrupted by a renewal of hostilities in the region.

Dealers said the UN move to delay the oil for food deal would keep between 650,000 and 750,000 barrels off the world's oil markets.

By late afternoon yesterday, the news had sent Brent crude for October delivery up to \$21.84 a barrel, compared with \$20.78 at Friday's close.

Yesterday's level is the highest since mid-May, when the October crude contract closed at \$21.83. November Brent was quoted at \$21.15, up from \$20.32 on Friday.

Meanwhile, on the London stock market, BP shares rose

12p to 632.5p, while Shell put on 11.5p to 942.5p.

Irene Himona, oil analyst with Societe Generale Strauss Turnbull, commented: "Iraq is the joker in the pack as far as the market is concerned. It's all helpful for oil prices, and with winter coming and low stocks, the price strength will remain."

But Peter Hitchens of Williams de Broc described the rise in both oil and share prices as "a gut reaction" by European investors.

According to International Energy Agency figures, OECD oil stocks at about 2.4bn barrels are around 100 million barrels less than at the start of last year's third-quarter.

The shortfall is said to be due to non-OPEC production, principally from the North Sea, failing to meet expectations. One observer put stocks at 60 days' consumption, down from 63 days a year ago.

business

Burmah Castrol motors ahead

Burmah Castrol has shown a sureness of touch of late that was not always apparent at the lubricants to printing inks group. It has taken years for Foseco, the metallurgical to building chemicals operation acquired for £299m in 1990, to pay its way. But, with the benefit of hindsight, last year's £100m disposal of the UK petrol business looks masterly in view of the price war raging on Britain's forecourts. Burmah reckons it would be losing around £2m a month if it was still in the business.

The group has continued tidying the portfolio in the first half of 1996. The disposal of fuel operations in Turkey, Chile and Sweden brought in another £89m in the six months to June and threw up a profit of £23.2m. That distorted the half-year figures, which showed pre-tax profits soaring from £117m to £149m. Stripping out the one-off gains, underlying profits were 7.5 per cent ahead at £1.6m, with earnings per share up 10 per cent to 32.8p. The re-shaping of the business means the group is to effect focused on lubricants and chemicals. More importantly, Burmah is more than ever a marketing operation.

The promotion of Castrol motor oils around the world has been well rehearsed. In the US from a standing start 15 years ago, Castrol has grown its share of a \$5bn market from 1 to close to 16 per cent. But having become one of the five big brands, Castrol is finding it harder to make further significant inroads without conceding margin to a cut-throat market. So it has shifted its attack to higher-margin synthetic oils. Early results suggest it may be able to repeat its initial success with the Castrol brand in the US.

Despite falling steel production affecting Foseco's metallurgical sales, group operating profits from the Americas as a whole rose 14 per cent to £42.8m. Of more concern was Europe, where the operating result sank from £56.5m to £52.3m, including £1m profits from Castrol. The problems lay in Germany, where not even the oil brand's marketing magic could prevent a 1.5 per cent volume fall. The malaise affecting consumer markets was mirrored in industry, with European steel production slumping 15 per cent in the first half and the UK construction industry in no mood to buy Burmah's up-market Fosroc cement additives.

But German rate cuts this year should eventually feed through to the European economy and, eventually, to demand for Burmah's products. Further out the promise of the group remains in developing markets. Castrol's eastern European volumes jumped 14 per cent, with Asia 10 per cent ahead

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

and still on course to become the group's biggest region. Full-year profits of £276m before tax would put the shares, up 21.5p at £10.70, on a forward multiple of 15. Reasonable value.

A proud show of Ideal Homes

Housebuilder Persimmon was proudly exhibiting its Ideal Homes acquisition yesterday. The £177m deal, part-funded by a rights issue, propelled Persimmon to the number four position in UK housebuilding, giving it greater geographic spread at a time when the property market is showing renewed signs of activity. It also held out the prospect of significant cost-savings and promised to be earnings-enhancing from day one.

Yesterday's better-than-expected interim figures suggest a good start has been made. Duncan Davidson, the chairman, says Ideal Homes has been successfully integrated, with all its sites rebranded and Ideal's head office and six subsidiaries closed, resulting in

a one-off exceptional charge of £3m. Stripping out these costs, Persimmon's pre-tax profits advanced from £9.7m to £14.2m in the six months to June while earnings per share on the same basis rose by a quarter to 6.6p.

Ideal was included for four months, chipping in sales of £74.2m to total turnover of £202.5m. But the main driver behind Persimmon's encouraging first-half performance appears to have been its existing businesses.

Operating in the middle of the market, these businesses of up to 5 per cent for three- and four-bedroom houses in parts of the South-east, though price rises were less marked further north. Persimmon's landbank also increased to 25,000 plots with planning permission - 1,400 more than in March. Mr Davidson is looking for further land purchases, though the return of land price inflation may act as a constraint if it stretches the balance sheet further.

Net debt post-Ideal remains high at £108m, or 40 per cent of shareholders' funds, and may reach 50 per cent later this year, while the high pay-out ratio

-dividend cover is less than two times - acts as a large drain on cashflow. Brokers raised their forecasts on the figures, with NatWest looking for £29m, up from the £22.8m recorded in 1995. That implies a forward price-earnings ratio of 16 with the shares at 215p, up 1p. While the full benefits of Ideal should be seen next year, the financial risks should not be ignored. High enough.

Bunzl papers over the cracks

The difficult conditions experienced by Bunzl in the first half of this year clearly suit the talents of Anthony Habgood and David Williams, the dynamic duo credited with reviving the plastic cutlery to cigarette filters group. Pulp and plastic prices halved from the peaks of last year, hitting Bunzl's core distribution businesses.

So the group did well to raise interim pre-tax profits by 12 per cent to £55.8m in the six months to June. Hardest hit in the period were the disposables and fine papers operations, which together represent 77 per cent of group operating profits. In the US, where Bunzl owns the biggest distributor of throw-away plates and packaging to the food industry, prices slumped up to 6 per cent. It also had to cope with bad weather at the beginning of the year, which cost 2 per cent in volume terms.

European fine paper distribution was another area struggling against the tide of falling prices.

Cuts of between 25 and 30 per cent in Germany and Italy left the businesses there only barely profitable. But it is a measure of tightness of the ship run by Messrs Habgood and Williams, recently elevated to chairman and chief executive respectively, that disposables profits still rose 5.5 per cent to £33.5m in the period, while fine paper held its result at £9.8m.

The future is already looking brighter. Volumes were 3 per cent ahead in disposables in the first half and the second six months will see the first benefits of £100m of extra business won earlier in the year. Pulp and plastic prices are already off their 1996 lows, even if the outlook is a little cloudier. Meanwhile, filters continue to power ahead and £75m of acquisitions in the period have yet to show their mettle, chipping in just £1.5m to these figures.

Full-year profits of £117m would put the shares, up 4.5p at 243.5p, on a market rating of 14. Fair value.

Packed press get sinking feeling at Farnborough

CITY DIARY

JOHN WILLCOCK



Fancy doing a Michael Caine impersonation in the film *Zulu*? Cromwell Productions, the independent UK film makers who offered co-producers the chance to be extras in their film *The Bruce*, are at it again. This time, instead of dressing up as a rebellious Scot at the Battle of Bannockburn, anyone who wants to fork out £500 to help finance the new film can fly to South Africa and take part as an extra in *The Zulu Wars*.

The latest project is Brian Blessed's directorial debut, and will attempt to present an accurate account of the wars between the British and the Zulus in 1879. Get packing.

London. James Butler joins the insurance market as director of legal services from Mercury Communications, where he did a similar job.

Mr Butler replaces Jo Rickard, who was temporarily seconded from Lloyd's solicitors Freshfields at the end of 1995 until a permanent replacement could be found for the previous incumbent, who had resigned.

Ms Rickard returns to Freshfields after shepherding Lloyd's through its rescue programme and the proposed launch of Equitas.

Mr Butler, 49, will not have a quiet time, however. Some of those pesky US names still want to sue the Lime Street market, while others are refusing to pay up for Equitas.

Mr Butler should have a good feel for the City's machinations. In a rich and varied career he once did corporate finance at Baring Brothers.

You and I may both think that the Government's Private Finance Initiative is a dead duck, but that doesn't stop Alistair Ross Goobey and his cohorts on its Panel Executive from trying.

The independent body, Treasury financed, is designed to "drive forward more value for money deals right across the public sector". The Panel has just appointed a new chief executive, David Steeds, since former boss Douglas Hogg went to CIBC Wood Gundy to set up their own PFI fund.

Since 1990, Mr Steeds has been corporate development director at Serco Group, a business and government services company with 14,000 employees world-wide. He helped put together Serco's own PFI bid for the National Physical Laboratory.

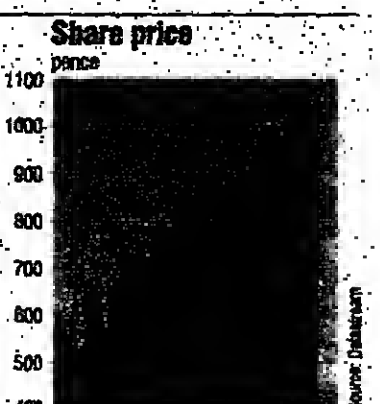
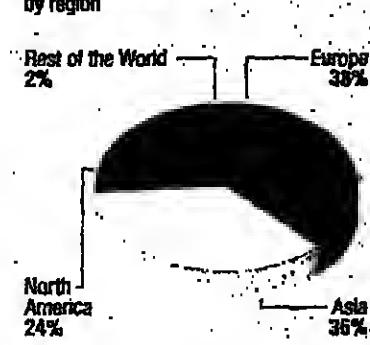
I can't help thinking, if Labour get in, Mr Steeds will head back to Serco pronto.

BURMAH CASTROL: AT A GLANCE

Market value: £2.26bn, share price £10.70

| Trading record | 1993 | 1994 | 1995 | 1996 | 1996 |
|-----------------------------|------|------|-------|------|------|
| Turnover (£m) | 192 | 244 | 253 | 117 | 149 |
| Pre-tax profits (£m) | 192 | 244 | 253 | 117 | 149 |
| Dividends per share (pence) | 27.5 | 32.5 | 38.25 | 11.0 | 12.0 |

Operating profit by region



Singer & Friedlander profits surge 41%

JILL TREANOR
Banking Correspondent

Singer & Friedlander yesterday vowed to remain one of the UK's last remaining independent merchant banks as it reported a 41 per cent surge in half-year profits to £2.1m before exceptional items.

The profits growth was fuelled by investment management and the contribution from its new stockbroking activities.

John Hodson, chief executive, said the bank, cited as a bid target in the stock market last week, was not in merger talks with any financial institutions. "We're developing earnings per share growth which we are delivering to shareholders," he said.

Earnings per share, before exceptional items, rose 41 per cent at the half-year stage to 5.64p. Banking analysts, though, said the bank might yet attract a buyer. "I don't discount it,"

said Martin Cross, analyst at Swiss bank UBS. But Mr Cross added that he had altered his recommendation on the stock from buy to hold after its recent "good run".

The share price ended the day 0.5p higher at 128.5p, just below its 129.5p year's high. The merchant bank plans to pay an interim dividend of 1.85p, up 15.6 per cent.

More diversified than others in its sector, Mr Hodson de-

scribed Singer & Friedlander as a "financial services company".

Profits at its merchant banking arm were steady at £4.81m, compared with £4.83m in the same period last year, but its stockbroking operations - including Swedish stockbroker Carnegie and British broker Collins Stewart - saw profits rise from £7.36m to £12.86m.

Mr Hodson said profits at Collins Stewart, which rose to £4.22m from £1.61m, were driven

by activity on the Alternative Investment Market on which it is a sponsor of newly listed companies.

The bank now has £4.7bn under management, up 56 per cent from June last year, helped by its appointment as investment adviser to Asset Backed Capital Limited, which has funds under management of more than £1bn.

Mr Hodson hinted that the bank might look for a buyer for

its 30 per cent stake in mobile phone retailer Peoples Phone, which was forced to pull a planned stock market flotation last year and into which analysts estimate the bank has channelled £30m.

"As you look forward the [telecoms] industry is ripe for consolidation," he said.

He did not rule out selling loss-making insurance broker Edgar Hamilton, again pointing to consolidation in the sector.

COMPANY RESULTS

| | Turnover £ | Pre-tax £ | EPS | Dividend |
|--------------------------|-----------------|--------------------------------|----------------|--------------|
| Banc (1) | 889m (883m) | 55.8m (50.0m) | 8.1p (7.4p) | 2.2p (2.1p) |
| Carphone Int'l (1) | 10.5m (7.5m) | -3.8m (-4.2m) | -3p (-3.8p) | nil (1) |
| Colson Int'l (1) | 18.7m (18.4m) | 2.46m (2.05m) | 3.84p (3.25p) | 1p (1p) |
| Haynes Publishing (1) | 27.51m (24.51m) | 5.5m (5.2m) | 21.8p (20.8p) | 10.3p (9.5p) |
| Hertings Ballrooms (1) | 15.2m (12.4m) | 2.92m (1.88m) | 11.7p (8.7p) | 3.7p (1) |
| Healy Group (1) | 24.4m (22.8m) | 17.1m (11.5m) | 21.4p (15.8p) | 5p (4p) |
| Wacke Int'l (1) | 8.47m (10.9m) | 1.04m (1.32m) | 8.6p (13.7p) | 3.7p (3.7p) |
| Mica Group (1) | 8.26m (5.82m) | 275.80m (85,200p) 1.1p (0.05p) | 0.04p (1) | |
| Parsons Group (1) | 85.0m (82.3m) | 4.4m (3.8m) | 10.8p (9.5p) | 2.5p (2.25p) |
| Pershing (1) | 203m (115m) | 11.2m (9.7m) | 5.2p (5.3p) | 3p (3p) |
| Peter Plank (1) | 122m (125m) | 7.8m (9.4m) | 8.52p (11.31p) | 5.5p (5.05p) |
| Singer & Friedlander (1) | - (1) | 21.0m (14.8m) | 5.21p (4.22p) | 1.85p (1.6p) |

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IN BRIEF

• JIB Group, the insurance broker, said streamlining undertaken last year had resulted in record results for the first half of 1996. Pre-tax profits jumped 28 per cent to £16.4m on revenue 9.6 per cent up at £102m. The interim dividend rises by a penny to 3.5p. The group said it had significantly boosted margins by reorganising the UK business and focusing on growth areas. There had been a high level of new business in developing markets and speciality areas and JIB added it was confident it would continue to perform well in the second half of 1996.

• Mackie International, the Belfast-based precision engineering group, said the trading climate for its textile machinery remains difficult. The group is looking to broaden its business base to reduce its dependency on traditional markets and is reviewing operations "to determine how the group's resources can be streamlined to compete in the current market environment". Pre-tax profits slid from £1.32m to £1.04m in the six months to June, with earnings per share down from 13.7p to 9.8p. The interim dividend is maintained at 3.7p.

• Mica, the designers and manufacturers of displays, said that next year is looking "most encouraging" based on current orders and enquiries. Markets remain both competitive and challenging, but it was benefiting from the upturn in the economy, the group said. Discussions with potential acquisitions continue. Pre-tax profits soared from £85,300 to £276,000 in the first six months of the year, on turnover which jumped 43 per cent to £8.36m. The half-way dividend is boosted a quarter to 0.04p.

• Henlys, the car dealer and bus group, said it was encouraged by the strength of its manufacturing order books for the rest of the year and by opportunities in its coach and bus division. The group is attempting to boost exports of its coaches and buses to the Far East. In the past 12 months, Henlys has delivered around 100 buses to four different operators in Hong Kong and three of these customers have come back with orders for 10 to 15 more vehicles apiece. Henlys coaches are also undergoing trials in Malaysia and China. The strategy being pursued in the motor division may take longer to show a worthwhile improvement in results, the group said. Pre-tax profits increased from £11.5m to £17.1m in the latest six months, with the dividend being raised 1p to 5p.

• Scottish Radio Holdings has agreed to buy Northern Ireland's Community Radio Services, which broadcasts as Downtown Radio, for a maximum of £9.7m. Scottish Radio is offering 33.5 new shares and £1.19 in cash for every 100 Downtown shares, valuing the latter at around 240p apiece. There is a mix and match election. Scottish Radio said its offer represents a multiple of 16.7 times Downtown's profits after tax for the year to September 1995. It said the acquisition "creates scope for enhanced earnings per share".

• Partco said it remained "well equipped" to take advantage of the opportunities being thrown up by the UK automotive aftermarket following the purchase of Serck and International Radiator Services in June. The group reported a like-for-like sales increase of 6.6 per cent in the half-year to June and said its leading share of the market has continued to be enhanced. Pre-tax profits leapt 21 per cent to £4.37m on turnover 7 per cent up at £88m. The interim dividend is raised from 2.25p to 2.5p.

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هذا من الأصل

German reforms trigger a seismic shift in Europe

The weekend saw Chancellor Helmut Kohl of Germany and President Jacques Chirac of France asserting that EMU would go forward on schedule, and in some ways more important, that their countries would be able to qualify for EMU.

As far as France is concerned the statement has to be read simply as an act of faith: a political statement from a politician which may or may not be born out by subsequent events. It is very hard to see France cutting its budget deficit by enough to qualify for the 3 per cent of GDP criterion, but it is always conceivable that the figures can be massaged enough to squeak by for one year. It looks impossible, just as it looks inevitable that another winter of discontent looms, but in politics nothing is certain.

For Germany the question is qualitatively different, for sleight of hand will be warmly welcomed and, in some ways, the German fiscal position is even more serious than the French. State spending is lower as a percentage of GDP (50.6 per cent last year as opposed to 53.7 per cent for France) and the fiscal deficit seemingly even better controlled (3.0 per cent of GDP against 5 per cent), but the starting point is worse. In France still has some clearance under the 60 per cent of GDP debt total, whereas Germany has none. This year German debt looks like being 60.5 per cent of GDP, while forecasts for next year are worse.

But cutting across these efforts to



ECONOMIC VIEW
HAMISH McRAE

meet Maastricht is the need for tax cuts. Britons may think of the quest for tax cuts as being primarily an Anglo-American preoccupation, the invention of Thatcherism or Reaganomics. They might be surprised to know that the cry for tax cuts is now stronger on the Continent than it is here or in the US.

So currently much more interesting, for ordinary German citizens, than the efforts to meet Maastricht, are the tax reforms now being promised by the coalition.

might be reconciled with Maastricht objectives. Germany, on the other hand, has proposed reforms which in many ways parallel the tax reforms which took place in the UK in the 1980s: a rebalancing of the tax system from direct taxation to indirect and from high nominal rates of tax, softened by numerous loopholes, to lower overall rates but with fewer loopholes.

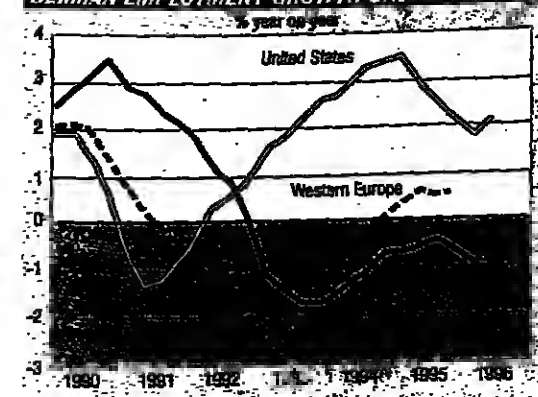
A number of ideas are being dis-

How to pay for all this? Well, aside from spending cuts already proposed (and likely to be passed later this month), it has been noted that at 15 per cent the German VAT rate is low by European standards. The latest paper on EMU preparations by France and Germany from Paine Webber, a US investment bank, notes that a rise in VAT is being kept in reserve to pay for cuts in income tax, but that it could be deployed earlier if necessary.

To anyone in the UK, all this sounds familiar. Why, one might ask, is this Anglo-American tax-cutting agenda now finding favour in Germany? The answer is jobs.

As the graph on the left shows, employment growth in Germany has been bad even by European standards, let alone North American. While the German economy now does seem to be recovering after two quarters of shrinkage, it is a jobless recovery. German exporters have managed to improve their efficiency to compensate (to some extent at least) for the higher German mark, but they have done so at the expense of jobs. Even in 1994, when the economy grew by about 3 per cent, employment in the former West Germany shrank. JP Morgan, the US bank which has just done a study of employment in Germany, points out that both France and Italy have outperformed Germany's employment record in recent years. One could envisage, on present trends, the German economy growing at 2.5 per cent, yet em-

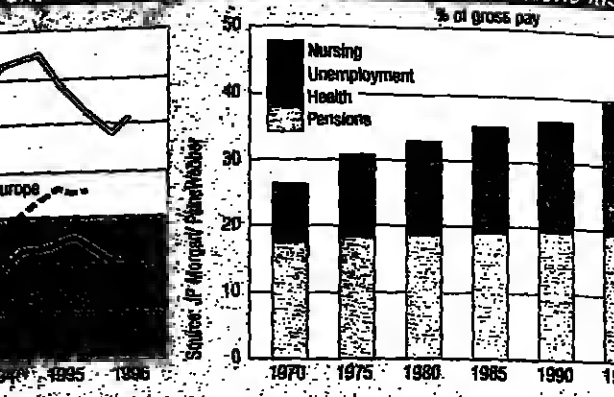
GERMAN EMPLOYMENT GROWTH UNDERPERFORMS



ployment still falling and, naturally, unemployment rising. JP Morgan reckons that employment growth will continue to be negative right through next year.

To see one of the reasons why, look at the chart on the right. Social security contributions have risen inexorably as a percentage of gross pay. German social security payments are not uniquely high by European standards, but add in German pay packets and they make the cost of labour the highest in the

SOCIAL CONTRIBUTIONS RISE



system and a deteriorating demographic pattern will make it impossible to do anything about the largest segment of those social security costs, that of pensions. That pension block at the bottom of the graph is far too low to service future needs.

So what will give? I don't think we will get a sudden, easy answer. Instead, think of us at the very early stage of a seismic shift in continental European thinking about its tax and welfare systems. Germany here is

and while it was possible to push through a tax-rebalancing exercise in the UK, it will take longer in Germany. This will be a 20-year process, encompassing all the large political parties, not something which can be achieved in a couple of budgets by a radical finance minister.

Nevertheless, expect German tax plans to have some influence here, even if superficially it seems that Germany is simply following the UK model. For example, if Germany has, by the end of the year, announced plans to cut its top tax rate to 35 per cent, it would be politically easier for a new Labour government, committed to keeping the UK top rate in line with major European countries, to hold the UK rate at 40 per cent. There is an international market for ideas about the appropriate system and levels of taxation into which all politicians tap. UK ideas on tax used to look odd by European standards (though not by Japanese or East Asian). Now they are beginning to appear commonplace. But UK is not much of a direct influence on continental Europe. When Germany switches the balance of taxation from direct to indirect, expect the rest of Europe to follow fast.

Britons might be surprised to know the cry for tax cuts is now stronger on the Continent than it is here or in the US

Details of these will be produced in the next few days. France too, has a budget looming, but there is not yet much of a feel for what the French will do. We know from a speech last week by President Chirac that the French will try to cut taxation to put spending power back into the hands of ordinary citizens. But we have no idea of what that statement means or how it

The German social model has been the standard one. As it is reformed, the changes will be reflected elsewhere

world. Cutting the social security wedge to below 40 per cent is one of the targets the government announced earlier this year as part of a plan to halve unemployment by the end of the century, but that would still leave social security costs far higher than they were at the time of unification. Looking further ahead, the combination of Germany's pay-as-you-go pension

The German social model has been the standard one. As it is reformed, the changes will be reflected elsewhere

enormously important, not just because of its economic dominance but because of its intellectual dominance. The German social model has been the standard one for much of the rest of continental Europe. As it is gradually reformed, the changes will be reflected in changes elsewhere in Europe. But this will not happen quickly. The political consensus does not yet really exist.

Foreign Exchange Rates

| Country | Spot | 1 month | 3 months |
|--------------|-------|---------|----------|
| US | 15595 | 5-3 | 6-3 |
| Canada | 2354 | 11-3 | 50-37 |
| France | 2352 | 50-48 | 50-42 |
| Germany | 73037 | 51-64 | 30-37 |
| Italy | 23622 | 48-43 | 140-18 |
| Japan | 12304 | 70-70 | 225-28 |
| UK | 12304 | 70-70 | 225-28 |
| Belgium | 4721 | 11-8 | 41-40 |
| Denmark | 89601 | 59-16 | 446-25 |
| Netherlands | 25850 | 55-57 | 27-79 |
| Norway | 10546 | 7-3 | 20-14 |
| Spain | 16566 | 21-31 | 69-86 |
| Sweden | 10379 | 0-4 | 11-8 |
| Switzerland | 18888 | 54-48 | 165-12 |
| Australia | 12515 | 20-31 | 67-85 |
| Hong Kong | 70163 | 2-30 | 234-30 |
| Malaysia | 33859 | 0-0 | 60-80 |
| New Zealand | 22807 | 43-57 | 133-16 |
| Saudi Arabia | 58469 | 0-0 | 0-14 |
| Singapore | 2951 | 0-0 | 0-14 |

Other Spot Rates

| Country | Spot | 1 month | 3 months |
|-----------|-------|---------|----------|
| Argentina | 15580 | 0-0 | 0-0 |
| Australia | 15371 | 10-430 | 0-0 |
| Brazil | 15954 | 10-63 | 0-0 |
| China | 12595 | 0-0 | 0-0 |
| Egypt | 53065 | 0-0 | 0-0 |
| France | 70163 | 0-0 | 0-0 |
| Ghana | 26156 | 0-0 | 0-0 |
| Greece | 70163 | 0-0 | 0-0 |
| India | 53065 | 0-0 | 0-0 |
| Kenya | 0-0 | 0-0 | 0-0 |

Forward rates quoted high to low are at a discount; rates quoted low to high are at a premium.

*Chart rates quoted as indicated.

For the latest foreign exchange rates call 0891 323 3033.

Cable cost 30p per minute (cheaper rate) 40p other times.

Interest Rates

| Country | Rate | Rate | Rate |
|--------------|-------|----------|-------|
| UK | 5.75% | Discount | 2.50% |
| France | 5.75% | Discount | 2.50% |
| Germany | 5.75% | Discount | 2.50% |
| Italy | 5.75% | Discount | 2.50% |
| Japan | 5.75% | Discount | 2.50% |
| Belgium | 5.75% | Discount | 2.50% |
| Netherlands | 5.75% | Discount | 2.50% |
| Norway | 5.75% | Discount | 2.50% |
| Spain | 5.75% | Discount | 2.50% |
| Sweden | 5.75% | Discount | 2.50% |
| Switzerland | 5.75% | Discount | 2.50% |
| Australia | 5.75% | Discount | 2.50% |
| Canada | 5.75% | Discount | 2.50% |
| Denmark | 5.75% | Discount | 2.50% |
| Finland | 5.75% | Discount | 2.50% |
| Greece | 5.75% | Discount | 2.50% |
| India | 5.75% | Discount | 2.50% |
| Indonesia | 5.75% | Discount | 2.50% |
| Israel | 5.75% | Discount | 2.50% |
| Italy | 5.75% | Discount | 2.50% |
| Japan | 5.75% | Discount | 2.50% |
| Korea | 5.75% | Discount | 2.50% |
| Malaysia | 5.75% | Discount | 2.50% |
| Malta | 5.75% | Discount | 2.50% |
| Mexico | 5.75% | Discount | 2.50% |
| Netherlands | 5.75% | Discount | 2.50% |
| Norway | 5.75% | Discount | 2.50% |
| Portugal | 5.75% | Discount | 2.50% |
| South Africa | 5.75% | Discount | 2.50% |
| Spain | 5.75% | Discount | 2.50% |
| Sweden | 5.75% | Discount | 2.50% |
| Switzerland | 5.75% | Discount | 2.50% |
| Taiwan | 5.75% | Discount | 2.50% |
| Thailand | 5.75% | Discount | 2.50% |
| Turkey | 5.75% | Discount | 2.50% |
| USA | 5.75% | Discount | 2.50% |
| UK | 5.75% | Discount | 2.50% |
| West Germany | 5.75% | Discount | 2.50% |
| Yugoslavia | 5.75% | Discount | 2.50% |

Bond Yields

| Country | Rate | Rate | Rate |
|--------------|------|------|------|
| UK | 7.1% | 7.2% | 7.3% |
| France | 7.1% | 7.2% | 7.3% |
| Germany | 7.1% | 7.2% | 7.3% |
| Italy | 7.1% | 7.2% | 7.3% |
| Japan | 7.1% | 7.2% | 7.3% |
| Belgium | 7.1% | 7.2% | 7.3% |
| Netherlands | 7.1% | 7.2% | 7.3% |
| Norway | 7.1% | 7.2% | 7.3% |
| Spain | 7.1% | 7.2% | 7.3% |
| Sweden | 7.1% | 7.2% | 7.3% |
| Switzerland | 7.1% | 7.2% | 7.3% |
| Australia | 7.1% | 7.2% | 7.3% |
| Canada | 7.1% | 7.2% | 7.3% |
| Denmark | 7.1% | 7.2% | 7.3% |
| Finland | 7.1% | 7.2% | 7.3% |
| Greece | 7.1% | 7.2% | 7.3% |
| India | 7.1% | 7.2% | 7.3% |
| Indonesia | 7.1% | 7.2% | 7.3% |
| Israel | 7.1% | 7.2% | 7.3% |
| Italy | 7.1% | 7.2% | 7.3% |
| Japan | 7.1% | 7.2% | 7.3% |
| Korea | 7.1% | 7.2% | 7.3% |
| Malaysia | 7.1% | 7.2% | 7.3% |
| Malta | 7.1% | 7.2% | 7.3% |
| Mexico | 7.1% | 7.2% | 7.3% |
| Netherlands | 7.1% | 7.2% | 7.3% |
| Norway | 7.1% | 7.2% | 7.3% |
| Portugal | 7.1% | 7.2% | 7.3% |
| South Africa | 7.1% | 7.2% | 7.3% |
| Spain | 7.1% | 7.2% | 7.3% |
| Sweden | 7.1% | 7.2% | 7.3% |
| Switzerland | 7.1% | 7.2% | 7.3% |
| Taiwan | 7.1% | 7.2% | 7.3% |
| Thailand | 7.1% | 7.2% | 7.3% |
| Turkey | 7.1% | 7.2% | 7.3% |
| USA | 7.1% | 7.2% | 7.3% |
| UK | 7.1% | 7.2% | 7.3% |
| West Germany | 7.1% | 7.2% | 7.3% |
| Yugoslavia | 7.1% | 7.2% | 7.3% |

Money Market Rates

| Country | Rate | Rate | Rate |
|--------------|-------|----------|-------|
| UK | 5.75% | Discount | 2.50% |
| France | 5.75% | Discount | 2.50% |
| Germany | 5.75% | Discount | 2.50% |
| Italy | 5.75% | Discount | 2.50% |
| Japan | 5.75% | Discount | 2.50% |
| Belgium | 5.75% | Discount | 2.50% |
| Netherlands | 5.75% | Discount | 2.50% |
| Norway | 5.75% | Discount | 2.50% |
| Spain | 5.75% | Discount | 2.50% |
| Sweden | 5.75% | Discount | 2.50% |
| Switzerland | 5.75% | Discount | 2.50% |
| Australia | 5.75% | Discount | 2.50% |
| Canada | 5.75% | Discount | 2.50% |
| Denmark | 5.75% | Discount | 2.50% |
| Finland | 5.75% | Discount | 2.50% |
| Greece | 5.75% | Discount | 2.50% |
| India | 5.75% | Discount | 2.50% |
| Indonesia | 5.75% | Discount | 2.50% |
| Israel | 5.75% | Discount | 2.50% |
| Italy | 5.75% | Discount | 2.50% |
| Japan | 5.75% | Discount | 2.50% |
| Korea | 5.75% | Discount | 2.50% |
| Malaysia | 5.75% | Discount | 2.50% |
| Malta | 5.75% | Discount | 2.50% |
| Mexico | 5.75% | Discount | 2.50% |
| Netherlands | 5.75% | Discount | 2.50% |
| Norway | 5.75% | Discount | 2.50% |
| Portugal | 5.75% | Discount | 2.50% |
| South Africa | 5.75% | Discount | 2.50% |
| Spain | 5.75% | Discount | 2.50% |
| Sweden | 5.75% | Discount | 2.50% |
| Switzerland | 5.75% | Discount | 2.50% |
| Taiwan | 5.75% | Discount | 2.50% |
| Thailand | 5.75% | Discount | 2.50% |
| Turkey | 5.75% | Discount | 2.50% |
| USA | 5.75% | Discount | 2.50% |
| UK | 5.75% | Discount | 2.50% |
| West Germany | 5.75% | Discount | 2.50% |
| Yugoslavia | 5.75% | Discount | 2.50% |

Tourist Rates

| Country | Rate | Rate | Rate |
|--------------|-------|----------|-------|
| UK | 5.75% | Discount | 2.50% |
| France | 5.75% | Discount | 2.50% |
| Germany | 5.75% | Discount | 2.50% |
| Italy | 5.75% | Discount | 2.50% |
| Japan | 5.75% | Discount | 2.50% |
| Belgium | 5.75% | Discount | 2.50% |
| Netherlands | 5.75% | Discount | 2.50% |
| Norway | 5.75% | Discount | 2.50% |
| Spain | 5.75% | Discount | 2.50% |
| Sweden | 5.75% | Discount | 2.50% |
| Switzerland | 5.75% | Discount | 2.50% |
| Australia | 5.75% | Discount | 2.50% |
| Canada | 5.75% | Discount | 2.50% |
| Denmark | 5.75% | Discount | 2.50% |
| Finland | 5.75% | Discount | 2.50% |
| Greece | 5.75% | Discount | 2.50% |
| India | 5.75% | Discount | 2.50% |
| Indonesia | 5.75% | Discount | 2.50% |
| Israel | 5.75% | Discount | 2.50% |
| Italy | 5.75% | Discount | 2.50% |
| Japan | 5.75% | Discount | 2.50% |
| Korea | 5.75% | Discount | 2.50% |
| Malaysia | 5.75% | Discount | 2.50% |
| Malta | 5.75% | Discount | 2.50% |
| Mexico | 5.75% | Discount | 2.50% |
| Netherlands | 5.75% | Discount | 2.50% |
| Norway | 5.75% | Discount | 2.50% |
| Portugal | 5.75% | Discount | 2.50% |
| South Africa | 5.75% | Discount | 2.50% |
| Spain | 5.75% | Discount | 2.50% |
| Sweden | 5.75% | Discount | 2.50% |
| Switzerland | 5.75% | Discount | 2.50% |
| Taiwan | 5.75% | Discount | 2.50% |
| Thailand | 5.75% | Discount | 2.50% |
| Turkey | 5.75% | Discount | 2.50% |
| USA | 5.75% | Discount | 2.50% |
| UK | 5.75% | Discount | 2.50% |
| West Germany | 5.75% | Discount | 2.50% |
| Yugoslavia | 5.75% | Discount | 2.50% |

Life Financial Futures

| Interest Rates | | |
|----------------|-------|----------|
| UK | | Germany |
| Base | 5.75% | Discount |
| France | | Lombard |
| Intervention | 3.55% | Canada |
| Italy | | Prime |
| Discount | 8.25% | Discount |
| Netherlands | | Denmark |
| Advances | 2.50% | Discount |

| Bond Yields | | | |
|-------------|-----------|---------|-----------|
| Country | 3yr | yield % | 10yr |
| UK | 7.1% | 7.22 | 7.1% |
| US | 6 1/4% | 6.72 | 6.9% |
| Japan | 5.5 1/4% | 2.78 | 3.1% |
| Australia | 8 1/4% | 7.52 | 10% |
| Germany | 5.38 1/4% | 5.38 | 8.25 1/4% |
| France | 5 1/4% | 5.42 | 7.25% |

Yields calculated on local basis.

| Money Market Rates | | |
|--------------------|-----------|--|
| | Overnight | |

market report/shares

DATA BANK

FT-SE 100
3884.4 +16.8

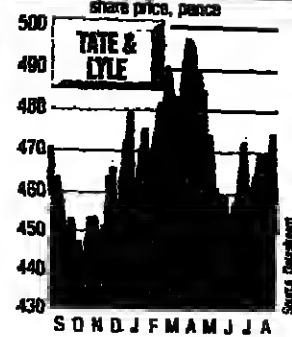
FT-SE 250
4414.0 -2.2

FT-SE 350
1944.8 +6.5

SEAQ VOLUME
378.2m shares,
31,787 bargains

Gifts Index
92.2 +0.17

SHARE SPOTLIGHT



Investors turn sour on the prospects for Tate & Lyle

Shares of Tate & Lyle fell to their lowest since December as the stock market fretted about its next set of figures. The sugar group's year ends this month and poor results are widely expected. It was, however, a decision to call a series of investment meetings that started some pessimistic souls worrying about the extent of the downturn.

Talk that ABN Amro Hoare Govett had trimmed its forecast - to £275m - added to the discomfort and the shares fell 11.5p to 449.5p. Most estimates are in the £280m range; last year Tate produced £311m. The sour taste pervading the group stems largely from its US operations and the world shortage of maize from which it produces soft drink sweeteners. The cost of maize has soared and Tate has been forced into the spot market to replenish stocks. With soft drink makers reluctant to ac-

cept higher prices, Tate's margins are being squeezed. An explosion at a Nebraska sugar beet factory in July is expected to blow a £10m hole in the figures.

There are hopes this year's crop will be much better and the pressure will be reduced, perhaps removed altogether. Such expectations help explain forecasts of a sharp recovery next year with, for example, NatWest Securities looking for £331.5m.

The rest of the market was in more buoyant form, ignoring the lack of action in New York. Although trading was extremely thin the FT-SE 100 managed to rally 16.8 points to 3,884.4.

Hopes the Chancellor will push through another interest rate cut this week and the return of nagging suspicions a mega-takeover bid is due to break helped sentiment. Oils were the star perform-



MARKET REPORT

DEREK PAIN

Stock market reporter
of the year

ers. Prices flared on the Iraqi tension with a five-year crude high reached on the oil futures market. The United Nations' decision to delay the food for oil Iraqi deal was an important influence.

The excitement flowed through to oil shares with British Petroleum up 12p to 632.5p and Shell 11.5p to 942.5p. Enterprise Oil rose 12p to 521.5p; even Lasso, the subject of buy and sell advice ended 1.5p firmer at 195.5p.

Cable & Wireless, on hopes of developments at its Hong Kong Telecom associate, improved 7.5p to 428.5p and Imperial Chemical Industries enjoyed Kleinwort Benson

support, up 18p at 826.5p. Cadbury Schweppes, interim figures tomorrow, edged ahead 2.5p to 515.5p as Lehman Brothers made positive noises. It expects profits to come out at £218m, up 6 per cent, and is looking for a year's out-turn of £563m. Analyst Richard Newbould is shooting for a 12-month target of 600p.

Allied Domecq continued to reflect its planned departure from the beverage and with Goldman Sachs making positive noises the shares gained 7p to 466.5p. Bass was ruffled by a large line of stock, said to be 2.5 million, on offer, falling 10.5p to 821.5p.

Rolls-Royce, on Henderson Crosthwaite buy advice and the expectation more Farnborough orders will come through, flew 1.5p higher to 223.5p.

Lloyds Abbey Life, the insurer, was a shade firmer at 599.5p on suggestions Lloyds TSB intended to pump its insurance interests into the group, lifting its stake to around 75 per cent.

Tom Cobleigh, the pubs chain, fell 9.5p to 189p with the impression strengthening the controlling venture capitalist had been unable to find a single buyer and was proposing to place its shares with institutions.

Blenheim, the exhibition group, crashed 61.5p to 335p as arbitrage selling was made more painful by marking down. A little more than 100,000 shares changed hands.

Home Country Newspapers added 29p to 224p on suggestions a consortium including newspaper man Andrew

Knight was likely to assume management control.

Some of the bio-babes continued to feel the benefit of Yamaichi support.

Stanford Rock gained 22.5p to 485p and Therapeutic Antibodies 13.5p to 497.5p. Cortec International firmed to 308.5p on encouraging trials of an oral vaccine.

Millwall, the football club, held at 3.25p as director Jose Berardo continued to sell, getting ride of a further 750,000 shares at 3.125p.

His interest has been nearly halved in recent months to 6.13 per cent.

Quality Software, the computer group which came to market at 380p three years ago, jumped 37.5p to 255p and Craig & Rose, the loss-making paint maker, highlighted the volatility of narrowly traded shares, jumping 72.5p to 222.5p.

On Friday they fell 72.5p.

TAKING STOCK

There are suggestions of corporate activity at Johnson Fry, the financial group once famed for its vast array of Business Expansion Scheme ventures.

The shares gained 10.5p to 159p, a 12-month high. Interim figures are due soon, possibly on Thursday, and there is a feeling they will be accompanied by news of an intriguing recruit.

One name mentioned is Lennie Licht, whose family has more than 3 per cent of Johnson, once LIT Holdings. He is a deputy chairman of Jupiter Tyndall, the fund management group owned by Commerzbank.

Memory Corporation, which repairs defective chips, fell to a low of 37.5p, off 6p. It has been hit by the dramatic slump in chip prices. A year ago the shares traded at 553.5p.

Alcoholic Beverages

| Stock | Price | Chg | % Chg |
|----------------|-------|------|-------|
| Adnams | 10.00 | 0.00 | 0.0 |
| Beck's | 10.00 | 0.00 | 0.0 |
| Brewery | 10.00 | 0.00 | 0.0 |
| Carlsberg | 10.00 | 0.00 | 0.0 |
| Guinness | 10.00 | 0.00 | 0.0 |
| Heineken | 10.00 | 0.00 | 0.0 |
| Johnnie Walker | 10.00 | 0.00 | 0.0 |
| Miller | 10.00 | 0.00 | 0.0 |
| Stout | 10.00 | 0.00 | 0.0 |
| Tate & Lyle | 10.00 | 0.00 | 0.0 |
| Vanguard | 10.00 | 0.00 | 0.0 |
| Whisky | 10.00 | 0.00 | 0.0 |
| Wine | 10.00 | 0.00 | 0.0 |

Banks, Merchant

| Stock | Price | Chg | % Chg |
|----------------------|-------|------|-------|
| Barclays | 10.00 | 0.00 | 0.0 |
| Bank of Scotland | 10.00 | 0.00 | 0.0 |
| Bank of Ireland | 10.00 | 0.00 | 0.0 |
| Bank of London | 10.00 | 0.00 | 0.0 |
| Bank of Montreal | 10.00 | 0.00 | 0.0 |
| Bank of New York | 10.00 | 0.00 | 0.0 |
| Bank of Paris | 10.00 | 0.00 | 0.0 |
| Bank of Spain | 10.00 | 0.00 | 0.0 |
| Bank of Sweden | 10.00 | 0.00 | 0.0 |
| Bank of Switzerland | 10.00 | 0.00 | 0.0 |
| Bank of Tokyo | 10.00 | 0.00 | 0.0 |
| Bank of West | 10.00 | 0.00 | 0.0 |
| Bank of America | 10.00 | 0.00 | 0.0 |
| Bank of China | 10.00 | 0.00 | 0.0 |
| Bank of India | 10.00 | 0.00 | 0.0 |
| Bank of Japan | 10.00 | 0.00 | 0.0 |
| Bank of Korea | 10.00 | 0.00 | 0.0 |
| Bank of Russia | 10.00 | 0.00 | 0.0 |
| Bank of South Africa | 10.00 | 0.00 | 0.0 |
| Bank of Thailand | 10.00 | 0.00 | 0.0 |
| Bank of Vietnam | 10.00 | 0.00 | 0.0 |
| Bank of Yugoslavia | 10.00 | 0.00 | 0.0 |
| Bank of Zaire | 10.00 | 0.00 | 0.0 |
| Bank of Zimbabwe | 10.00 | 0.00 | 0.0 |

Banks, Retail

| Stock | Price | Chg | % Chg |
|----------------------|-------|------|-------|
| Bank of America | 10.00 | 0.00 | 0.0 |
| Bank of China | 10.00 | 0.00 | 0.0 |
| Bank of India | 10.00 | 0.00 | 0.0 |
| Bank of Japan | 10.00 | 0.00 | 0.0 |
| Bank of Korea | 10.00 | 0.00 | 0.0 |
| Bank of Russia | 10.00 | 0.00 | 0.0 |
| Bank of South Africa | 10.00 | 0.00 | 0.0 |
| Bank of Thailand | 10.00 | 0.00 | 0.0 |
| Bank of Vietnam | 10.00 | 0.00 | 0.0 |
| Bank of Yugoslavia | 10.00 | 0.00 | 0.0 |
| Bank of Zaire | 10.00 | 0.00 | 0.0 |
| Bank of Zimbabwe | 10.00 | 0.00 | 0.0 |

Diversified Industrials

| Stock | Price | Chg | % Chg |
|----------------|-------|------|-------|
| Adnams | 10.00 | 0.00 | 0.0 |
| Beck's | 10.00 | 0.00 | 0.0 |
| Brewery | 10.00 | 0.00 | 0.0 |
| Carlsberg | 10.00 | 0.00 | 0.0 |
| Guinness | 10.00 | 0.00 | 0.0 |
| Heineken | 10.00 | 0.00 | 0.0 |
| Johnnie Walker | 10.00 | 0.00 | 0.0 |
| Miller | 10.00 | 0.00 | 0.0 |
| Stout | 10.00 | 0.00 | 0.0 |
| Tate & Lyle | 10.00 | 0.00 | 0.0 |
| Vanguard | 10.00 | 0.00 | 0.0 |
| Whisky | 10.00 | 0.00 | 0.0 |
| Wine | 10.00 | 0.00 | 0.0 |

Breweries, Pubs & Rest

| Stock | Price | Chg | % Chg |
|----------------|-------|------|-------|
| Adnams | 10.00 | 0.00 | 0.0 |
| Beck's | 10.00 | 0.00 | 0.0 |
| Brewery | 10.00 | 0.00 | 0.0 |
| Carlsberg | 10.00 | 0.00 | 0.0 |
| Guinness | 10.00 | 0.00 | 0.0 |
| Heineken | 10.00 | 0.00 | 0.0 |
| Johnnie Walker | 10.00 | 0.00 | 0.0 |
| Miller | 10.00 | 0.00 | 0.0 |
| Stout | 10.00 | 0.00 | 0.0 |
| Tate & Lyle | 10.00 | 0.00 | 0.0 |
| Vanguard | 10.00 | 0.00 | 0.0 |
| Whisky | 10.00 | 0.00 | 0.0 |
| Wine | 10.00 | 0.00 | 0.0 |

Electricity

| Stock | Price | Chg | % Chg |
|----------------|-------|------|-------|
| Adnams | 10.00 | 0.00 | 0.0 |
| Beck's | 10.00 | 0.00 | 0.0 |
| Brewery | 10.00 | 0.00 | 0.0 |
| Carlsberg | 10.00 | 0.00 | 0.0 |
| Guinness | 10.00 | 0.00 | 0.0 |
| Heineken | 10.00 | 0.00 | 0.0 |
| Johnnie Walker | 10.00 | 0.00 | 0.0 |
| Miller | 10.00 | 0.00 | 0.0 |
| Stout | 10.00 | 0.00 | 0.0 |
| Tate & Lyle | 10.00 | 0.00 | 0.0 |
| Vanguard | 10.00 | 0.00 | 0.0 |
| Whisky | 10.00 | 0.00 | 0.0 |
| Wine | 10.00 | 0.00 | 0.0 |

Building/Construction

| Stock | Price | Chg | % Chg |
|----------------|-------|------|-------|
| Adnams | 10.00 | 0.00 | 0.0 |
| Beck's | 10.00 | 0.00 | 0.0 |
| Brewery | 10.00 | 0.00 | 0.0 |
| Carlsberg | 10.00 | 0.00 | 0.0 |
| Guinness | 10.00 | 0.00 | 0.0 |
| Heineken | 10.00 | 0.00 | 0.0 |
| Johnnie Walker | 10.00 | 0.00 | 0.0 |
| Miller | 10.00 | 0.00 | 0.0 |
| Stout | 10.00 | 0.00 | 0.0 |
| Tate & Lyle | 10.00 | 0.00 | 0.0 |
| Vanguard | 10.00 | 0.00 | 0.0 |
| Whisky | 10.00 | 0.00 | 0.0 |
| Wine | 10.00 | 0.00 | 0.0 |

Electronics

| Stock | Price | Chg | % Chg |
|----------------|-------|------|-------|
| Adnams | 10.00 | 0.00 | 0.0 |
| Beck's | 10.00 | 0.00 | 0.0 |
| Brewery | 10.00 | 0.00 | 0.0 |
| Carlsberg | 10.00 | 0.00 | 0.0 |
| Guinness | 10.00 | 0.00 | 0.0 |
| Heineken | 10.00 | 0.00 | 0.0 |
| Johnnie Walker | 10.00 | 0.00 | 0.0 |
| Miller | 10.00 | 0.00 | 0.0 |
| Stout | 10.00 | 0.00 | 0.0 |
| Tate & Lyle | 10.00 | 0.00 | 0.0 |
| Vanguard | 10.00 | 0.00 | 0.0 |
| Whisky | 10.00 | 0.00 | 0.0 |
| Wine | 10.00 | 0.00 | 0.0 |

Food Manufacturers

| Stock | Price | Chg | % Chg |
|----------------|-------|------|-------|
| Adnams | 10.00 | 0.00 | 0.0 |
| Beck's | 10.00 | 0.00 | 0.0 |
| Brewery | 10.00 | 0.00 | 0.0 |
| Carlsberg | 10.00 | 0.00 | 0.0 |
| Guinness | 10.00 | 0.00 | 0.0 |
| Heineken | 10.00 | 0.00 | 0.0 |
| Johnnie Walker | 10.00 | 0.00 | 0.0 |
| Miller | 10.00 | 0.00 | 0.0 |
| Stout | 10.00 | 0.00 | 0.0 |
| Tate & Lyle | 10.00 | 0.00 | 0.0 |
| Vanguard | 10.00 | 0.00 | 0.0 |
| Whisky | 10.00 | 0.00 | 0.0 |
| Wine | 10.00 | 0.00 | 0.0 |

Food Distribution

| Stock | Price | Chg | % Chg |
|----------------|-------|------|-------|
| Adnams | 10.00 | 0.00 | 0.0 |
| Beck's | 10.00 | 0.00 | 0.0 |
| Brewery | 10.00 | 0.00 | 0.0 |
| Carlsberg | 10.00 | 0.00 | 0.0 |
| Guinness | 10.00 | 0.00 | 0.0 |
| Heineken | 10.00 | 0.00 | 0.0 |
| Johnnie Walker | 10.00 | 0.00 | 0.0 |
| Miller | 10.00 | 0.00 | 0.0 |
| Stout | 10.00 | 0.00 | 0.0 |
| Tate & Lyle | 10.00 | 0.00 | 0.0 |
| Vanguard | 10.00 | 0.00 | 0.0 |
| Whisky | 10.00 | 0.00 | 0.0 |
| Wine | 10.00 | 0.00 | 0.0 |

Health Care

| Stock | Price | Chg | % Chg |
|----------------|-------|------|-------|
| Adnams | 10.00 | 0.00 | 0.0 |
| Beck's | 10.00 | 0.00 | 0.0 |
| Brewery | 10.00 | 0.00 | 0.0 |
| Carlsberg | 10.00 | 0.00 | 0.0 |
| Guinness | 10.00 | 0.00 | 0.0 |
| Heineken | 10.00 | 0.00 | 0.0 |
| Johnnie Walker | 10.00 | 0.00 | 0.0 |
| Miller | 10.00 | 0.00 | 0.0 |
| Stout | 10.00 | 0.00 | 0.0 |
| Tate & Lyle | 10.00 | 0.00 | 0.0 |
| Vanguard | 10.00 | 0.00 | 0.0 |
| Whisky | 10.00 | 0.00 | 0.0 |
| Wine | 10.00 | 0.00 | 0.0 |

Household Goods

| Stock | Price | Chg | % Chg |
|----------------|-------|------|-------|
| Adnams | 10.00 | 0.00 | 0.0 |
| Beck's | 10.00 | 0.00 | 0.0 |
| Brewery | 10.00 | 0.00 | 0.0 |
| Carlsberg | 10.00 | 0.00 | 0.0 |
| Guinness | 10.00 | 0.00 | 0.0 |
| Heineken | 10.00 | 0.00 | 0.0 |
| Johnnie Walker | 10.00 | 0.00 | 0.0 |
| Miller | 10.00 | 0.00 | 0.0 |
| Stout | 10.00 | 0.00 | 0.0 |
| Tate & Lyle | 10.00 | 0.00 | 0.0 |
| Vanguard | 10.00 | 0.00 | 0.0 |
| Whisky | 10.00 | 0.00 | 0.0 |
| Wine | 10.00 | 0.00 | 0.0 |

Insurance

| Stock | Price | Chg | % Chg |
|----------------|-------|------|-------|
| Adnams | 10.00 | 0.00 | 0.0 |
| Beck's | 10.00 | 0.00 | 0.0 |
| Brewery | 10.00 | 0.00 | 0.0 |
| Carlsberg | 10.00 | 0.00 | 0.0 |
| Guinness | 10.00 | 0.00 | 0.0 |
| Heineken | 10.00 | 0.00 | 0.0 |
| Johnnie Walker | 10.00 | 0.00 | 0.0 |
| Miller | 10.00 | 0.00 | 0.0 |
| Stout | 10.00 | 0.00 | 0.0 |
| Tate & Lyle | 10.00 | 0.00 | 0.0 |
| Vanguard | 10.00 | 0.00 | 0.0 |
| Whisky | 10.00 | 0.00 | 0.0 |
| Wine | 10.00 | 0.00 | 0.0 |

Index-linked

| Stock | Price | Chg | % Chg |
|----------------|-------|------|-------|
| Adnams | 10.00 | 0.00 | 0.0 |
| Beck's | 10.00 | 0.00 | 0.0 |
| Brewery | 10.00 | 0.00 | 0.0 |
| Carlsberg | 10.00 | 0.00 | 0.0 |
| Guinness | 10.00 | 0.00 | 0.0 |
| Heineken | 10.00 | 0.00 | 0.0 |
| Johnnie Walker | 10.00 | 0.00 | 0.0 |
| Miller | 10.00 | 0.00 | 0.0 |
| Stout | 10.00 | 0.00 | 0.0 |
| Tate & Lyle | 10.00 | 0.00 | 0.0 |
| Vanguard | 10.00 | 0.00 | 0.0 |
| Whisky | 10.00 | 0.00 | 0.0 |
| Wine | 10.00 | 0.00 | 0.0 |

Undated

| Stock | Price | Chg |
|-------|-------|-----|
|-------|-------|-----|

| | | | | |
|-------------------|------|------|------|------|
| Queen Beche | 20-1 | 20-1 | 20-1 | 20-1 |
| Arco Colono | 33-1 | 20-1 | 33-1 | 33-1 |
| Blanca Nera | 25-1 | 25-1 | 33-1 | 25-1 |
| Dance Parade | 25-1 | 25-1 | 33-1 | 25-1 |
| Irride | 25-1 | 25-1 | 33-1 | 25-1 |
| Reverie Of Venice | 16-1 | 25-1 | 33-1 | 33-1 |
| Seabe | 25-1 | 25-1 | 33-1 | 33-1 |
| Yachats | 20-1 | 25-1 | 25-1 | 33-1 |

Each-way a quarter the odds, places 1, 2, 3 (Newmarket, Sunday, 4 May)

DE

sport

England need high impact, low frequency

With another summer almost at an end it is cricket time again. The only trouble is that, unlike A-levels, the same questions get asked of English cricket every year. For instance, are England the dunces of world cricket? If so, who is to blame, and why don't we learn from our mistakes? These are perennial inquiries and suggest that cricket's problems are probably institutionalised, being both deep-seated and structural in origin.

Cricket in this country is being run as a business selling a faulty range of products: the counties and England cricket teams. So far, the public appear happy to accept this, at least in the case of the national team, who they turn out in droves to watch in the vain hope that they might, one day, win a series against a decent side like Australia, Pakistan or the West Indies. Meanwhile, nearly every other nation either beats us or runs us close, particularly abroad, where our recent record has been lamentable.

This summer was, until Pakistan's bowlers got their tails up, fairly typical. Two comfortable Test series were separated by a single decisive win in the first Test against an under-prepared India. But although that early victory, on a raw pitch at Edgbaston, ought to have given the home team the momentum to win at least another Test match, England allowed an Indian team hit by defection and disarray to regroup at Lord's, where the home side were lucky to escape.

Only a toothless draw on the fabled Trent Bridge pitches allowed England to take the series. Still, comprehensive or not, it kept intact - until two weeks ago - England's proud boast of an unbeaten home record that has stretched back almost three years under the Atherton-Iltingworth regime.

By then, as summer fields began to brown, a well-rested and well-prepared Pakistan side were here and warning bells over England's difficulties in taking the 20 wickets necessary to win Tests began to carry loud and clear.

The first Test at Lord's,



Don't look back in anger: The England team watch a replay on the monitor, but when they look back on events this season they need to learn some tough lessons

Photograph: David Ashdown

played upon a very different pitch to the one they had met India on a month earlier, exposed them and Pakistan were able to declare their second innings just five wickets down.

To bolster their bowling against Pakistan, England had included the Sussex leg-spinner Ian Salisbury, whose efforts until tea on the fourth day had been fruitless. A day later his counterpart Mushtaq Ahmed had taken five second-innings wickets and England had lost the match.

It was a pattern followed two Tests later at the Oval, where the little leg-spinner's six wickets were once again central to England's disintegration on the final day.

Losing to Pakistan over, say, a five Test series might perhaps be expected. After all, with

Wasim, Waqir and Mushtaq to call upon, they have a far superior bowling attack. They also have batsmen who score runs quickly enough to allow them the extra time it takes to wear the ball (usually after about 35-40 overs) into a state where it can reverse swing.

However, two losses from three should have been avoided, and to lose nine and 10 wickets on the last day at Lord's and the Oval respectively did little to bolster England's repeated claims that they have become a more resilient side.

And yet if both defeats could be laid directly at the batsmen's feet, victory - almost exclusively the remit of the bowlers - was never once glimpsed, despite first bowl on a green-tinged Headingly pitch.

On good solid pitches, the majority of modern Test matches are won either by accurate fast bowlers or top-class leg-spinners. England have neither and rarely have had, which means that the rules of engagement - a reliable line and

length at an honest pace - have rarely changed, and won't until incentives like less county cricket are introduced. Dominic Cork's lack of swing is probably more to do with loss of technique through fatigue than the use of Reader balls.

Of course that particular bone of contention has been around so long it has become fossilised, presumably along with those county chairmen who keep rejecting it in favour of an old outmoded infrastructure, set in place long before the mass appeal of daytime TV soaps kept audiences captive in their own homes.

However, if the soon to be formed England Cricket Board cannot bring it upon themselves to provide a higher impact, lower frequency cricket they should at least reconsider the Afield report's suggestion that the chairman of selectors be given the right to withdraw England players from county games.

We may not be able to produce an Allan Donald or a Waqar Younis at present to

unleash upon opponents, but we at least owe it to the country to ensure that what we do have is fresh and spirited. This is something the current system, in which players serve two masters - county and country - fails to comprehend.

Still the end of the Iltingworth era is not entirely gloom-filled; a state of affairs with which the chairman may not entirely agree should today's sitting of the Cricket Council fail to uphold his appeal over the £2,000 fine levied for bringing the game into disrepute.

On the plus side, England have in David Lloyd an invigoratingly barmy coach, who is at least prepared to give modern techniques a try. They have also discovered some useful performers in Robert Croft, Nick Knight and Alan Mullally,

as well as rediscovering others like Andy Caddick, Darren Gough, Nasser Hussain and John Crawley, the latter pair at last linking potential to performance.

The good news is that all are relatively young, and when placed alongside the more established core of Atherton, Stewart, Thorpe and Cork provide the basis of a competent and competitive side.

However, the question of whether it can achieve its potential under the system is not one that can be answered in the veldt of Zimbabwe or the vales of New Zealand this winter. Only if England are humiliated is anything likely to be done by the new ECB. Action, which if past performances of the TCCB are anything to go by, cannot be guaranteed.

D-day for Illingworth appeal

Ray Illingworth, one of English cricket's most high-profile figures, goes before the largely anonymous Cricket Council appeals panel at Lord's today in a final attempt to leave the game with his name unsullied.

The chairman of selectors is fighting to have overturned the £2,000 fine handed out by the Test and County Cricket Board's discipline committee in June.

Illingworth was found guilty of bringing the game into disrepute over newspaper articles taken from his controversial book *One-Man Committee*.

He was also charged with making public statements "that may be prejudicial" to the interests of cricket, notably in passages that detailed his falling out with Devon Malcolm in South Africa last winter, and in revealing accounts of selection meetings.

Illingworth initially had 28 days in which to appeal, and the 64-year-old former England captain was so outraged by his treatment by Lord's that he decided to prolong an issue which has soured his final summer of active involvement in the game he loves.

A four-man panel will hear Illingworth's argument that the details disclosed by the book merely allowed him a right of reply to Malcolm's allegations, also made in a newspaper article. Malcolm escaped censure, even though he was in breach of his tour contract.

Judge Desmond Perrett, QC, will chair a panel which includes Frank Chamberlain, the former TCCB chairman, Frank Elliott, chairman of the National Cricket Association, and John Warr, the former Middlesex fast bowler who is now treasurer of the MCC.

The number of matches for which Keith Miffland, the coach of ice hockey's Kingston Hawks, has been banned from the bench for pushing the referee after his side was beaten 6-1 by the Newcastle Cobras. The referee had sent off five players after a mass brawl on the ice.

Hooper's eruption blows Kent to summit

DAVID LLEWELLYN

Kent 244 and 215-3
Nottinghamshire 214 and 252
Kent win by seven wickets

What a difference a year makes. Last September Kent were bottom of the heap; this morning they head the County Championship. There is only a point in it, but they are still top. Kent had their moments yesterday though, notably when they were struggling to winkle out the last Nottinghamshire pair, and later, before Carl Hooper exploded

into action, they got bogged down on the way to the modest victory target of 213 off 67 overs.

That they eventually made it with a comfortable 13-plus overs to spare owed much to a stunning display of destructive batting from Hooper, who at his best is great. He had spent 18 overs pinging the occasional boundary as he worked his way to 41 before he detonated. In 25 deliveries of mayhem, Hooper clubbed a six and nine boundaries to transform the match.

Sadly, this may be one of the last glimpses Kent supporters have of this exhilarating batsman. He was quite content, as he had been with Hooper, to let his new partner, Nigel Long, take up the cudgels, which he did to great effect. The left-hander got bold of one Andy Afford delivery and dispatched the slow left-amer for six. The Long hit over long-on resulted in a

smashed window in the pavilion. The pair knocked off the remaining 50 runs in eight overs. Yet there had been a danger during the morning session that Kent's bowlers might have let Nottinghamshire off the hook. Martin McCague did have Chris Tolley caught by Steve Marsh off his second delivery of the day. But there was a lack of menace in the attack, which allowed Kevin Evans to make an attractive half-century and add a deal of respectability to the Nottinghamshire score, but did little for their position just above the foot of the table.

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on Hooper for runs. Trevor Ward, having spent an idle 20 minutes while Hooper was raining blows on Nottinghamshire, regained the strike when his partner was caught behind trying to run one down to third man, and he progressed to his sixth Championship fifty.

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Juniors reach semi-final

Hockey

BILL COLWILL
reports from Vejle, Denmark

England and the Netherlands yesterday won semi-final places in the European Junior Championship, but in contrasting styles - the Dutch with a majestic 5-1 win against Belgium while England beat the Czech Republic 3-1 in a bitter, bruising encounter. Mark Pearn put England ahead from a penalty stroke after 10 minutes, after being chopped from behind by Richard Kotrc.

As the tackles grew stronger, England won a string of penalty corners, but a claimed life for the Czechs prevented further scoring until the second half.

The Czechs, reduced to nine men in the first half, had Kot

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Henman moving up in the world

Tennis
DERRICK WHYTE

The prospects for Britain's top player Tim Henman have never looked brighter since his progression to the last 16 of the US Open.

His 6-2, 7-6, 6-4 victory over the No 12 seed Todd Martin not only takes him into the fourth round but is likely to take his ranking into the world's top 38 and might even make him the first Briton to qualify for the Grand Slam Cup.

Not since John Lloyd reached the US Open quarter-finals in 1984 to take his ranking into the mid-20s has Britain had a player ranked inside 38, and Henman will almost certainly overtake the highest mark achieved by his British rival Greg Rusedski, who reached 33 in January before suffering a loss of form.

Of greater interest to Henman's bank manager would be qualification for December's Grand Slam Cup. This is the controversial event, with £6m in prize-money, which started in 1990 amid acrimony between the International Tennis Federation and the then Association of Tennis Professionals.

It is played in Munich's Olympic arena and involves the 16 players performing best in the year's Grand Slam tournaments, though there are still question marks about how seriously the players take it.

With a second round in Australia, a quarter-final in Wimbledon and now a fourth round in New York, Henman could already have qualified, and he would guarantee his big pre-Christmas pay day if he beats Stefan Edberg today.

Henman is reeling not only in his good form but also New York City and Flushing Meadows. "It's just very special," he says of playing in what is currently the biggest tennis stadium in the world.

"It's different to Wimbledon obviously. There are moments when it is slightly off-putting if people call out between first and second serves, but that can happen anywhere."

"You just have to concentrate. I haven't had a problem with it in the two years that I've played. I'm enjoying myself."

And his third-round victim Martin admitted that Henman

is quite a bit for a non-American. "I think that's the way it should be. For anyone who represents themselves and their country as well as Tim does, he deserves fans. I'd rather see him have fans than some of the other guys out here."

However, Henman will be the villain of the piece if he beats the 30-year-old Edberg, who is playing the final Grand Slam of his illustrious career and is enjoying "darling" status with the New York crowd.

On the prospect of the match with the winner of six Grand Slam titles, Henman said: "If there's one player who I've learned most from it would be him, in his style of play, the way he handles himself on the court, so he's definitely been an inspiration."

"I don't think I'll be worried about ending his Grand Slam career. Whenever you play some of the very top players it's very important you do just play the ball."

"The last thing you need to do is to look up the other end and think I'm playing one of the greats. I'll just be concentrating on my game."

Henman's performance overshadowed some surprises in the women's draw. A month after she won the gold medal in Atlanta, Lindsay Davenport was beaten in the fourth round 6-2, 3-6, 6-0 by her American compatriot Linda Wild. Also out is Spain's Arantxa Sanchez Vicario, the Wimbledon runner-up, defeated by Switzerland's Martina Hingis, who will be 16 later this month, 6-1, 3-6, 6-4.

Otherwise, things went as expected for the seeded women in action as the No 2, Monica Seles, and the No 4 Conchita Martinez cruised into the last eight.

Seles flirted briefly with trouble, trailing 3-5 in the first set, before winning the last nine games to beat the Freoch-woman Sandrine Testud 7-5 6-0. Martinez was over troubled by Swede Asa Carlsson in the Spaniard's 6-2, 6-1 win.

"I was not finding my timing," Seles said of her slow start. "Then I started moving better and making fewer mistakes."

Her left shoulder, which may require surgery after the Open, is still troubling her, especially on serves. Seles realises her opponents are aware of her difficulties.

Results, Digest, Page 23



Tim Henman hits a forehand during his victory over Todd Martin in the US Open

Photograph: Peter Morgan/Reuters

Hartford turns back on City job

Football
ALAN NIXON

Asa Hartford surprised Manchester City last night by ruling himself out of the running for the manager's job at Maine Road. Hartford becomes caretaker manager tonight when City play Charlton in their first game since Alan Ball resigned, but emphasised he has no ambitions to become full-time chief.

The former Scottish international killed off talk he would be City's next boss despite hints by his chairman Francis Lee that good results could give him that chance. Hartford said: "I've got no real desire to go for the job. I'm not going to apply and I've not shown any interest. I won't get carried away either. I want to remain assistant manager. I've got a contract here for that post. I'm only taking temporary charge."

The Blackburn striker Kevin Gallacher picked up a bizarre injury on international duty during a half-time warm-up. Gallacher may miss the Leeds match tomorrow after damaging his thigh in the kick-around for Scotland in Austria.

Blackburn's manager Ray Harford has been watching the Swedish striker Martin Dahlin at the weekend. The unsettled Roma striker scored in a World Cup qualifier in Latvia. Rovers are keen on the £3 million rated 28-year-old.

The Leeds manager Howard Wilkinson has criticised the Premier League for arranging midweek matches after a weekend of crucial international games. Wilkinson, the chairman of the League Managers' Association, believes that international fixtures were moved to the weekend "with a view to clubs having the players back for a full week before the next match. If you're going to have matches on a Wednesday there's no difference from the old system of midweek internationals followed by club games on a Saturday," he said.

Wilkinson also said that he has failed to sign the Spanish sweeper Miguel Nadal from Barcelona.

Manchester United are resigned to losing the services of their influential midfielder Roy Keane for the Champions League match with Juventus next week. The Republic of Ireland midfielder had surgery on his knee a fortnight ago, but has not recovered sufficiently to be included in Alex Ferguson's plans for United's opening game against the European Cup holders in Turin.

The Tottenham manager Gerry Francis yesterday called for England to play all their international matches on Saturdays after injuries to Teddy Sheringham and Ian Walker plunged Tottenham deeper into a major injury crisis.

Hodde's grand plan, page 23

Heat is on in Spain

With the Spanish league only one game old, the pressure of the summer spending spree is starting to show at several clubs, and Real Madrid and Valencia have already suffered high-profile clashes between chairman and coaches.

The Valencia chairman, Paco Roig, has had to play down his differences with his manager, Luis Aragones, after a television station disclosed the two had engaged in a heated argument at the airport on the way to their game at Racing Santander.

Aragones allegedly accused his employer of buying new players only when he had received money from transferring players out of the club.

The criticism seemed unjustified when one of those signings, Brazil's World Cup star Romario, helped Valencia to a 2-0 lead, but then his side let in

an own goal, had their goalkeeper Andoni Zubizarreta sent off and lost 3-2.

Real Madrid's game at Deportivo La Coruna was also played under the shadow of remarks made by their new coach, Fabio Capello. After spending more than £20m retooling the squad, Capello - previously with Milan - complained that he still needed midfielders.

The Italian was asked to explain his comments by the club's chairman, Lorenzo Sanz, who concluded Capello's Spanish had been misunderstood.

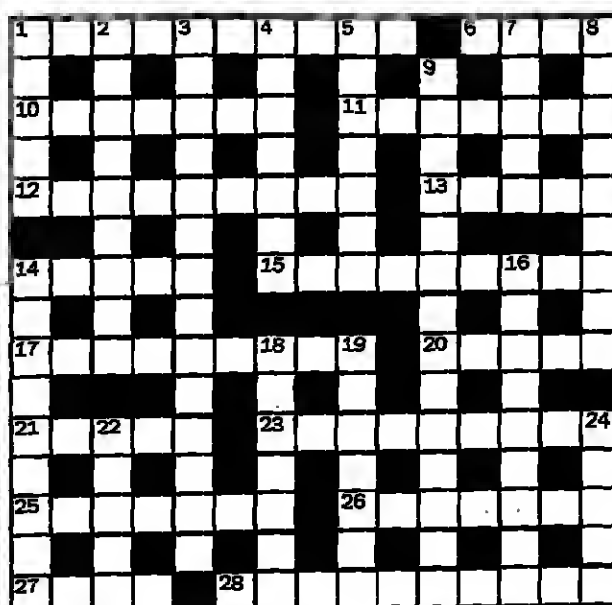
Bobby Robson's improvised Spanish is coming so well. Helped by bits of Portuguese from his time at Oporto, the new Barcelona coach was able to tell reporters that he had been annoyed with his players before Hristo Stoichkov set them on the way to a somewhat fortunate 4-2 victory at Oviedo.

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No. 3082, Tuesday 3 September

By Aired

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APOSTHE ALIMENT

- ACROSS**
- Possibly lie, being about 51 and unqualified (10)
 - Smoother fruit in common parlance (4)
 - Where service is regularly interrupted (3,4)
 - Professional's account about one is not interesting (7)
 - State old actor's roast (9)
 - Stun in catch brought back as a sign (5)
 - Put a stop to cold comfort (5)
 - Monster rage almost suppressed in plant (9)
 - Element found in unusual part of solar system (4,5)
 - Cat upsets baby after a short time (5)
 - No space to get into shape (5)
 - Having inadequate jeans we hear? (9)
 - Loyal aunts going off to church (7)
 - Heather keeps mad dog in temporary home (7)
 - Faultlessly Orkney has preserved this city (4)
 - Loose old edited movie housing cost (10)
- DOWN**
- I'm on Scottish island with no time to bathe (5)
 - It's a doddle for the prof? (4,5)
 - Linked thrice in paper (14)
 - I'm getting power for a charge (7)
 - Unsoundly go by word of mouth (3-4)
 - A footballer's taken this in surprise (5)
 - Be noisy about European currency in a changing of money (9)
 - Came to shorten spanner (5,6)
 - Oddly not straight about promises to pay (9)
 - Brigade wearing new English material (9)
 - Get worse sort of hunger with nothing inside (7)
 - Concealed ambitious goal of Spanish noble (7)
 - Delighted to be broadcasting (2,3)
 - Figure some archaeology will need information Technology (5)

Discarded Hill has Monza on his mind

Motor racing
DERICK ALLSOP

Damon Hill drives both for the championship and his career in Sunday's Italian Grand Prix at Monza, after his association with Williams-Renault was ended by the appointment of Heinz-Harald Frentzen.

Despite widespread interest in Hill's services, following the announcement he had been dropped by Williams for next season, he is not intending to commit himself to a new team this week. While Williams are expected to confirm as his replacement the German, Frentzen, on Thursday, in a \$12m (£8m) two-year deal, Hill is said to have thought only for the title this week.

His manager, Michael Breen, said: "We are taking stock and are not going to rush into anything. All that is really concerning Damon right now is the championship and he is focused on winning that."

"We have had contacts from other teams since Damon's announcement was made, but nothing will happen regarding his future before Monza."

Williams yesterday pledged to give Hill their full backing for the remaining races. "As far as the team are concerned Damon will be given 100 per cent support - as will Jacques [Villeneuve]," a spokeswoman said. "They will be given the same equipment and the same support as has been the case

throughout the season. The team will make sure they both have an equal chance of winning the championship."

Once the title is decided, Hill's choice appears to embrace three teams: McLaren, Mercedes, Jordan-Peugeot and Stewart-Ford. McLaren will doubtless be Hill's preference and they have indicated an interest in him as a possible replacement for Mika Hakkinen.

However, their contracted driver for 1997 is David Coulthard and Mercedes and the team's new German-based sponsors are unlikely to favour an all-British line-up.

Jordan represent a more feasible option, but for Hill it would mean stepping down from the "Premier League" much as the Silverstone organisation project themselves as a coming team.

Jackie Stewart's new outfit are due to announce a huge sponsorship deal, but they cannot be expected to figure among Formula One's major players in the short-term, and Hill, 36 in a fortnight, is presumably reluctant to involve himself in long-term projects.

Whatever decision he makes, it seems he will have to lower his racing and financial sights, although the championship would, of course, strengthen his bargaining position.

Bernie Ecclestone, Formula One's impresario, suggests the title should have been Hill's guarantee of another year at Williams.

"If I was a team owner I would have it in a driver's contract that if he won the championship he would stay for at least another year, on a set fee," he said.

Ecclestone believes Hill, 13 points ahead of his partner, Villeneuve, with three races remaining, will successfully complete his championship mission.

"Damon's obviously going to win it," Ecclestone said. "This will probably make him drive harder and better. It will spur him on. He might have thought he would have had another chance, anyway, if he blew it this time, but now he knows he hasn't."

Frentzen's two-year contract will cover Williams' last season with Renault and their first with new engine partners, perhaps a convenient commercial arrangement should BMW be among the candidates to fill the void. Mercedes might also consider a switch to the champion team if they feel McLaren cannot fulfil their expectations.

Apart from his German nationality, he has also natural pace to offer, even if it has not been particularly obvious during this season, driving the uncompetitive Sauber-Ford.

At \$6m (£4m) a season, he comes cheaper than Hill, who is understood to be earning \$7.5m this year and, despite claims that no demands for next year were made, is believed to have been seeking \$15m from Williams.

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